

Friday September 25 1998

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Decca Aitkenhead

Knowing me, knowing you

Comment, page 12

Rushdie's nightmare is over

Iran disavows fatwa and bounty

Salman Rushdie in New York

SALMAN Rushdie is a free man today after the Iranian government announced last night that it would do nothing to threaten his life and dissociated itself from the offer of a reward to his killers.

After spending nearly nine years living under sentence of death and with 24-hour Special Branch protection, Mr Rushdie emerged from the Foreign Office last night and declared: "It looks like it's over. It means everything, it means freedom."

In a dramatic end to years of danger and frustration, and months of secret negotiations — first disclosed in the Guardian on Wednesday — Robin Cook, the Foreign Secretary, and Kamal Kharrazi, the Iranian foreign minister, announced that the affair was over and that Mr Rushdie's safety and security were guaranteed.

After a brief meeting at the United Nations in New York, Mr Cook said ambassadors would be exchanged and a new relationship would begin between the two countries.

Britain stated it had never condoned the offence caused to Muslims by Mr Rushdie's book *The Satanic Verses*.

The move marked a giant step from the international notoriety Iran has suffered. The deal makes no mention of the fatwa issued by the late Ayatollah Khomeini — which Iran has long insisted is an immutable religious edict — but it offers the most explicit statement to date that Mr Rushdie will not be pursued by the Iranian government or its agents.

British officials indicated the author would probably still have some form of protection to guard against "free-lance" attempts to harm him. The agreement represents a victory over what Mr Rushdie's supporters have long argued is intolerant and fundamentalist-inspired censorship which challenges the fundamental right to free expression.

Mr Rushdie, responding on

'It looks like it's over... There doesn't seem to be any opposition to it in Iran. The fact is that after 10 years an extraordinary thing has been achieved. It means everything, it means freedom'

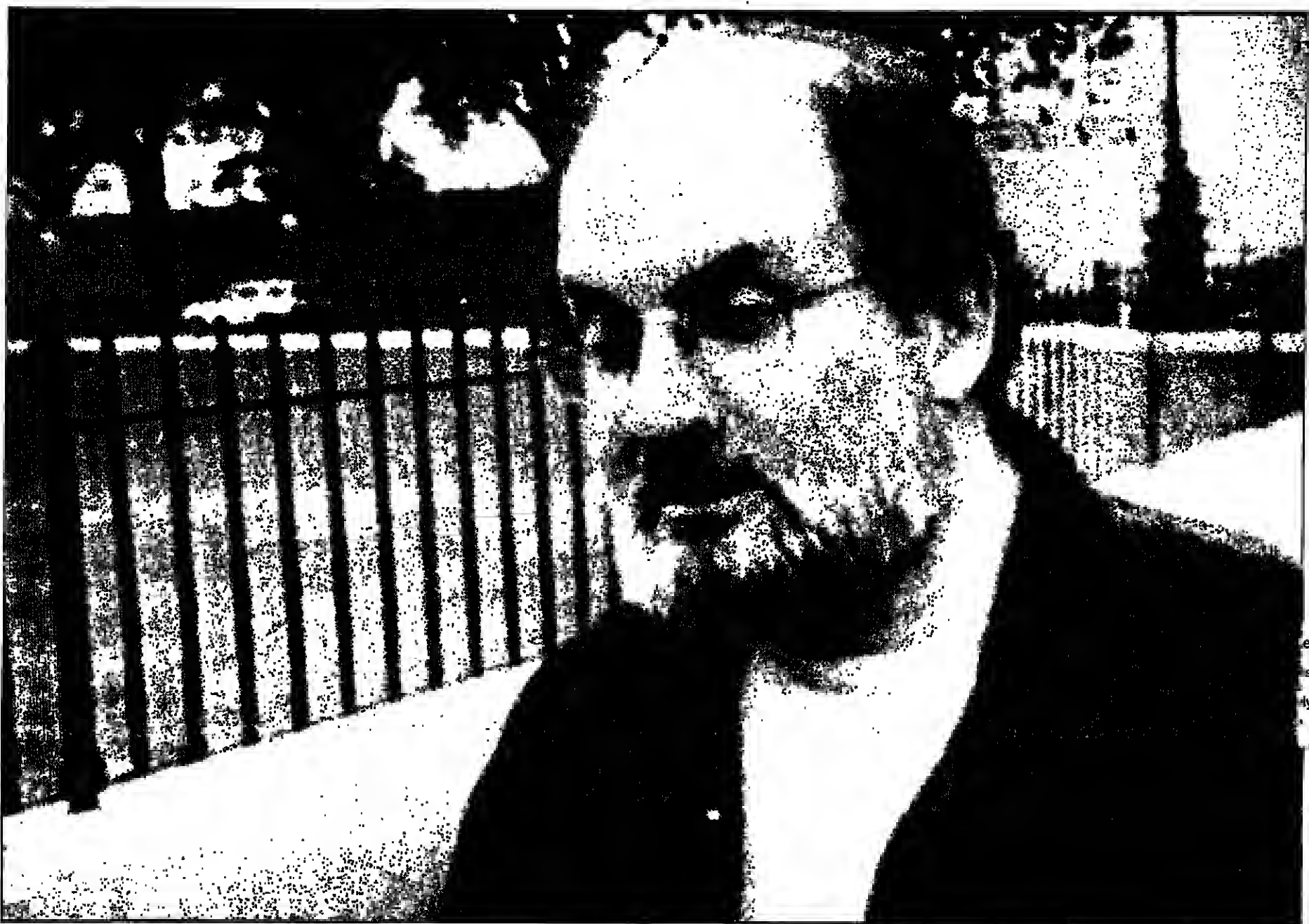
Salman Rushdie



Sky News to claims that the Iranian government lacked the power to lift the fatwa, said: "All I can say is that it seems that this has been done in Iran with consensus, there doesn't seem to be any opposition to it in Iran."

"There's one or two self-styled hardliners in England belonging to tinpot organisations who are saying this and that, but they are completely unimportant."

"The fact is that after 10



A free man... Salman Rushdie leaving the Foreign Office last night. The author said: 'After 10 years, an extraordinary thing has been achieved'

PHOTOGRAPH: SKY NEWS

years an extraordinary thing has been achieved."

In New York Mr Kharrazi said: "The government of the Islamic republic of Iran has no intention, nor is it going to take any action whatsoever, to threaten the life of the author of *The Satanic Verses* or anybody associated with his work, nor will it encourage or assist anybody to do so."

"Accordingly, the government dissociates itself from any reward which has been

offered in this regard and does not support it."

Mr Cook said Mr Kharrazi had suggested the word "whatsoever" be inserted in the agreed statement.

A delighted Mr Cook said: "This is a breakthrough in our relations with Iran and in the security and safety of Salman Rushdie."

He told Channel 4 News: "We will have to be vigilant in making sure we consider what the level of threat is to

Salman Rushdie, but after today it is a much lower level of threat than it was before."

Negotiations intensified in recent months amid a rapid thaw in relations between Britain and Iran, which is cautiously feeling its way towards improving its relationship with the United States.

Contacts had centred on persuading Iran to withdraw support from the \$2.5 million (£1.5 million) bounty offered

by the 15 Khordad Foundation, backed by hardliners opposed to the liberalising Iranian president, Mohammed Khatami. But Britain accepted that the fatwa itself had to be circumvented.

British officials said they were unsure until the very end that the deal would go through because of fears of opposition from hardliners in Tehran challenging President Khatami.

Diplomatic relations be-

tween London and Tehran were disrupted in February 1989 when Ayatollah Khomeini, then Iran's spiritual leader, issued a fatwa or death edict against Mr Rushdie for blaspheming against Islam in *The Satanic Verses*. The Majlis, Iran's parliament, ordered that ties with Britain be severed.

The 15 Khordad Foundation, the militant Islamic organisation that put up the original £1.2 million bounty,

yesterday made no official comment. Observers believe the foundation, which takes its name from the date when Khomeini first went into exile in 1963, is unlikely to become the focus of a backlash against moderate clerics.

Diplomats believe Mr Khatami would have secured the agreement of hardliners within the regime before taking such a step.

Background, page 6

World's first arm transplant Vatican ready to say sorry for Crusades

Tears of joy as man wakes with new limb after pioneering surgery

Sarah Boseley Health Correspondent

THE world's first arm transplant has been carried out by a multinational team including a leading British surgeon, giving hope to those who have lost limbs in acci-

dents and disasters all over the world.

Clint Hallam, aged 48, a New Zealand-born businessman, woke up yesterday morning with a forearm that had belonged to a Frenchman killed in a road accident. Mr Hallam, described as a determined and courageous individual who has sought a new

arm since his own was amputated in a chainsaw accident nine years ago, cried with joy, said Nadey Hakim, the British member of the team.

"We were all waiting for him to wake up. He was in tears, this morning, because he was so happy to see his live limb with the perfectly normal colour," said Mr Hakim.

The revolutionary operation took place in France, where eight of the best surgeons in the field, from Australia, France, Italy and Brit-

ain, gathered at short notice. They piped to the post a team in Louisville, Kentucky, who were hoping to be first in the field by performing a hand transplant.

They were led by Earl Owen, the director of the Microsurgery Foundation of Australia, where Mr Hallam had gone for help, and Jean-Michel Duherard, head of transplantation surgery at the Edouard Herriot hospital in Lyon, where the operation turned to page 2, column 1

John Hooper in Rome

KAROL Wojtyla, it seems, is destined to become the first pope to apologise for the Inquisition, the recantation of Galileo, the role of the Roman Catholics in the Holocaust and the hounding of any number of "heretics", is now under pressure from his advisers to say sorry for the Crusades.

The proposal was yesterday reported to be contained in a document to be discussed at a week-long meeting of the pontiff's theological advisers starting next Monday. The document was drawn up by a Neapolitan prelate, Monsignor Bruno Forte, and is intended to be the basis for the Catholic Church's climactic, definitive and all-embracing "Sorry" on the occasion of Christianity's 2,000th anniversary.

The newspaper La Re-

pubblica said yesterday the key act of repentance would be on March 8 2000, Ash Wednesday. It was planned that the Pope would lead a solemn procession from the Basilica of Santa Sabina on the Aventine Hill to the site of the Circus Maximus.

At a mass on the same day, the Pope is expected to ask for pardon on behalf of his church for its most outstanding mistakes.

It is the precise wording which the Vatican's Inter-

national Theological Commission will be working towards when it examines Mr Forte's proposal. A gesture to the Muslim world had long been expected, as a counterpart to the church's apology to the Jews for its role in their persecution.

It was a Pope, Urban II, who launched the Crusades, with an address to the Council of Clermont in 1095, and most historians agree that one of their main effects was to enhance the power of the papacy.

Inside

Britain

Paddy Ashdown challenged Tony Blair to prove he is not a control freak by throwing his weight behind fundamental reforms of the British constitution.

Page 6

International

Nato began gathering its warplanes for another threatened strike against Serb forces in Kosovo, issuing dire warnings of imminent military action.

Page 10

Analysis

Consistently underrated, the chancellor, Helmut Kohl, may yet pull off in this weekend's elections and remain in office.

Page 11

Comment 12
Editorial letters 13
Obituary 14, Finance 16
Crossword 12
Sport 18
Quick Crossword 15
TV, Radio & Weather 16



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Tomorrow *The Guardian* offers the complete package including Saturday, the section which brings you book reviews, arts, interviews and features for the weekend. Plus six pages of sport.

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Data revised under EU law shows that the Conservatives bequeathed Gordon Brown a stronger economy than was first appreciated

Tory recession not as bad as thought

Larry Elliott
and Mark Addison

B RITAIN'S recent economic history was re-written yesterday when the Government's number-crunchers added 215 billion to the value of the economy at a stroke and revealed that the recession which undid John Major was less savage than originally thought.

Publishing a completely revised set of national accounts going back to the days when Stafford Cripps was Chancellor, the Office for National Statistics (ONS) announced that the economy has grown by 2.53 per cent a year since 1948 and not 2.49 per cent as previously thought. Although the growth rate has been revised up by only 0.04 percentage points a year, over half a century this has added 215 billion to the current value of the economy —

almost half what the Government spends on the NHS. The ONS also put a slightly better gloss on the record of the Conservative government in the 1990s. The recession was shallower and shorter than previously thought, while the recovery after Black Wednesday in September 1992 was stronger. Claims by the outgoing Major administration that the economy was left in good shape at the time of the 1997 election were strengthened by

the data. Growth in 1996 was 2.6 per cent and not 2.2 per cent, while investment — criticised as pitifully inadequate by Gordon Brown at the time — increased by 4.5 per cent rather than 1.5 per cent. During the 1990s, growth averaged 1.8 per cent a year, rather than the 1.6 per cent originally pencilled in by statisticians, although this still makes the Nineties the worst performing decade in the post-war era. Growth from 1950-59 averaged 2.5 per cent, rising to

3.2 per cent in the Sixties, then averaging 2.4 per cent in the 1970s and the 1980s. The changes to the nation's growth record stem from the requirement under European Union law to adopt a new method of calculating economic activity. In the past, Britain calculated growth rates after indirect taxes and government subsidies had been stripped out, but they are now included. The new methodology casts a slightly different light on the

boom-bust period of the late 1980s and early 1990s. Growth during the Lawson boom was slightly lower than the ONS originally believed, but the subsequent recession was considerably less marked. Under the old figures, the economy contracted by 2.0 per cent in 1991 and 0.5 per cent in 1992. However, the ONS now says that the fall in gross domestic product in 1991 was 1.5 per cent, while in 1992 the economy grew by 0.1 per cent. The recession of the

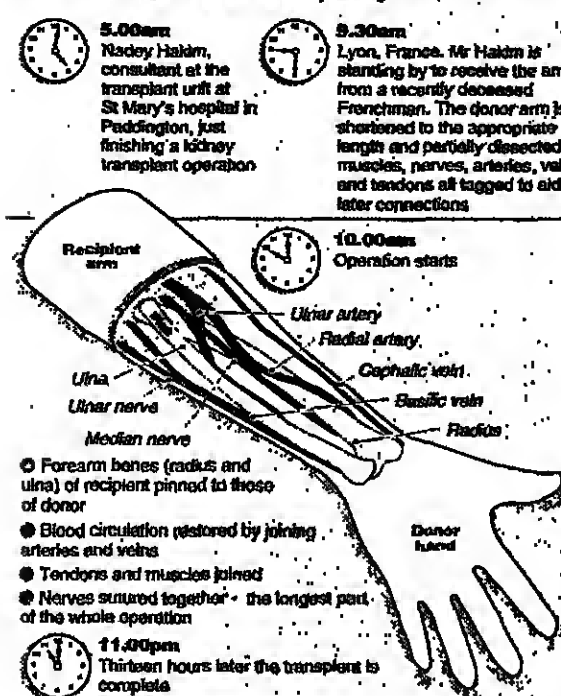
early 1990s was the mildest of the three to affect Britain during the past 25 years. The latter performance under the Conservatives has continued under Labour, according to the ONS. Growth in the latest 12 months — up to the second quarter of 1998 — has been revised up from 2.6 per cent to 3 per cent. Adam Cole, economist with the City firm HSBC, said: "The changes to the way the national accounts are compiled mean the economy has been

growing rather more quickly than previously thought." On the face of it, this ought to limit the scope for cuts in interest rates, because the economy has less spare capacity. However, Mr Cole said that most of the upward revision was due to higher investment spending — particularly on computer software — which increased Britain's ability to grow without generating inflation.

'Terrible twins', page 15

Arms and the man

In a 13-hour operation, on 23rd September, a team of seven surgeons succeeded in attaching a right arm and forearm to an Australian man who had lost his arm in an accident 10 years ago.



World's first arm transplant for chainsaw accident man

continued from page 1
was performed. The two men are friends, and at the top of their fields in microsurgery and transplantation. The breakthrough, said Mr Hakim, who is head of transplantation at St Mary's hospital, Paddington, was in the development of drugs that can suppress the patient's immune system almost perfectly and prevent rejection of the new limb. "It is only a year since we began using these drugs in London," he said. What is not known is the long-term effect of the drug cocktail on Mr Hakim. The operation took more than 13 hours, Mr Hakim, who had spent months preparing with the rest of the team, was phoned at 2am. Even so, he went in to St Mary's to perform a kidney transplant at



Nadey Hakim, the leading British surgeon in the multinational team which carried out the transplant on Clint Hallam, whose arm was amputated in a chainsaw accident

positioned comfortably. Mr Hallam is not yet allowed to try to move it, but physiotherapy will begin in a few days. It will take over a year before the nerves in the fingertips begin to function, but Mr Hakim hopes Mr Hallam will regain nearly all, if not total, use of his right arm and hand. Artificial lower limbs were now good enough to allow

recipients to run, cycle and even ski, but nothing could satisfactorily replace the function of fingers. Surgeons have long wanted to be able to transplant a hand, and Mr Hallam's progress will be eagerly watched. The determination of the businessman, who lives in Perth, Australia, with his wife and four children, is such that he has al-

ready offered to have the operation performed again in two or three years' time should the graft not take. Mr Hakim accepted some people might find the transplant ethically difficult, but felt it was more acceptable than cloning. The team had been careful to ensure they got consent in writing from all parties.

'Collective failure' of Lawrence police

David Pallister

THE chairman of the Stephen Lawrence inquiry indicated yesterday that one of his central findings would be a "collective failure" in the Metropolitan Police to tackle racism.

Sir William Macpherson said he had rejected the judgement of Lord Scarman, who concluded after the Bristol riots 17 years ago that there were just a few bad apples in the force.

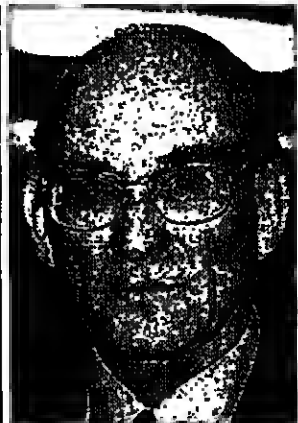
Stephen Lawrence, an 18-year-old black student, was murdered at a bus stop in south London in 1993. Five white men were arrested but no one has been convicted of the killing.

Sir William said that during the 56 days of evidence into the police investigation of Stephen's racist murder he had been grappling with a definition of "institutional racism" — the charge levelled at the police by the Lawrence family.

Having found discrimination, both conscious and unconscious, he said: "It is a collective failure that has to be addressed and not one individual police constable that has to be hauled over the coals."

Sir William's comments — challenging years of police protestations — were made on the first day of part two of the inquiry, which will examine the lessons to be learned from the investigation and prosecution of racially motivated crime.

During submissions from Her Majesty's Inspectorate of Constabulary, he told Don



It is a collective failure that has to be addressed and not one individual police constable that has to be hauled over the coals.

Sir William Macpherson, above

Crompton, inspector for the North-west and Northern Ireland, that he [Mr Crompton] would have been "aghast" to listen to the evidence on police misunderstanding and training on racial issues. Earlier he had equally robust words about the "huge disparity" in the stop and search and arrest figures for blacks and whites. Home Office research shows that 108 blacks per thousand of the population were stopped compared with 14 for whites. Sir William said there was

an obvious crisis of confidence between the black community and the police.

Addressing Peter Pugh, head of the Home Office's operational policing policy unit, he said: "It might be good for the Home Office and every body else involved to take on the perceptions of the black community and assume they are right rather than make excuses and assume they are wrong."

Mr Pugh admitted that police race awareness training, initiated by the Scarman report, had failed.

Asked by Richard Stone, one of the Sir William's advisers, whether the differences in stop and search figures could be explained by colour, Mr Pugh said: "The research would not dispute that."

Mr Crompton told the inquiry that training in community and race relations was patchy and inconsistent and middle ranking officers often failed to confront inappropriate behaviour.

Agreeing that the stop and search figures were disturbing, he said: "There is little doubt in my mind that one of the issues to be addressed revolves around stereotyping. There is a propensity to see young black males as being perpetrators rather than victims."

Deputy Chief of Police Officers and chief constable of West Mercia, told the inquiry: "There are individuals who have racist attitudes in the police service. We are determined to root it out at every opportunity."

The inquiry, at Elephant and Castle, south London, continues today.

Muslim anger at arrests under terror law

Richard Norton-Taylor,
Duncan Campbell and
Ian Traynor in Bonn

MUSLIM groups yesterday protested angrily at the arrest of seven Middle Eastern men in London on Wednesday, claiming those held were being questioned by police last night. They include one wanted by the Egyptian government and a Saudi allegedly linked to Osama bin Laden, the Saudi

disseminator suspected of being behind last month's bombings of US embassies in Africa. It is understood the police investigations do not centre on any immediate plans to carry out attacks here.

Those arrested were said to include Adel Abdul-Majeed Abdul-Bari, an Egyptian law student sentenced to death in absentia by a military court; Hani Al-Siba'i, an Egyptian refugee; Khaled Abdul-Rahman Al-Fawaz, a Saudi; Abdul-Majeed Fahmi, an Egyptian described as head of the Islamic Information Centre; and Abu Muss'ah As-Souri, a Syrian refugee. They were named by Al-Muhajiroun, an umbrella

group including the Islamic International Front which supports Mr Bin Laden's call for the end of US military presence in Saudi Arabia. Sheikh Bakir Muhammad, spokesman for Al-Muhajiroun, said yesterday: "These are political refugees who were not involved in terrorist activity." He added they had been in Britain for three or four years and had been regularly visited by Special Branch.

He said the arrested Egyptians had attacked "the totalitarian Egyptian regime" only by sending faxes. The Egyptian daily newspaper Al-Fawaz was a spokesman for Mr Bin Laden and Mr

Abdul-Bari was head of the International Office for the Defense of the Egyptian People in London.

Mr Abdul-Bari was sentenced to death in 1997 for conspiring to blow up Cairo's oldest bazaar, and plotting to kill police officers. In a separate development, the US consulate in Hamburg was sealed off by hundreds of police and anti-terrorist units last night after German police were tipped off about a bomb attack.

"We have indications from a very serious source that an explosives attack on the consulate is planned for the weekend," said a Hamburg police spokesman, Reinhard Falck.

"We can't rule out that the plan will be implemented."

Police linked the bomb threat to the arrest last week near Munich of a Sudanese citizen said to be a close associate of Mr Bin Laden. Bavarian special units raided a house and detained the Sudanese, named as Salim Mandouth Mahmud, after a US tip-off that he was a fundraiser for Mr Bin Laden and wanted in America for conspiracy to murder.

According to the Bavarian interior minister, Günther Beckstein, Mahmud's identity is not in doubt. He said the suspect had admitted during questioning to knowing Mr Bin Laden, but denied he was an accomplice or fundraiser.

Unsubtle but effective vehicle for Noble art

Review

Lyn Gardner

Popcorn

The Orchard Theatre, Dartford

ON TUESDAY night it was Nicole Kidman removing her clothes in WC2 last night it was Emma Noble removing her party-dress in Dartford. My, it has been a revealing and exciting week for the dull old theatre. But those of us with minds suspicious enough to think the casting of celebrities like Kidman and Noble is merely a clever marketing wheeze

have had our cynicism confounded. As soon as she walks on the stage it is evident Miss Noble, famous for being famous and for being Major's minor's fiancée, a game-show hostess and voted 27th in FHM's World's Most Beautiful Women poll, is much more than a pretty face. Well, perhaps she is not in the Peggy Ashcroft league but she has enough stage presence to play the part of Brooke Daniels, the Playboy centrefold taken home by the film-maker Bruce DeLamitri, an Oscar-winning director whose sex-and-violence films make Tarantino's look like kids' television. Waiting in DeLamitri's Hollywood mansion are some unexpected and nasty guests:

Wayne and Scout, Bruce's greatest fans, who are rather better known as the notorious Mall Murderers. They have been wreaking death and destruction across the US. Wayne and Scout might be white trailer trash but they are not stupid and they have watched enough confessional daytime television to know that in America's victim culture no matter how guilty you are you can still be innocent. They want Bruce to take the blame for their murders, arguing they are not responsible — life simply mirrors art. With the trial taking place in Paris of Florence Rey, the young woman whose murderous spree is said to have been inspired by Oliver Stone's

Natural Born Killers, Ben El-Mechaieq's popular comedy hit has acquired a new topicality. But, alas, it is no more subtle than it was in the West End. The debate remains contrived, the characters never more than Shavien mouth-pieces, the plot is implausible and the play ends by emulating the Hollywood image of sex and violence as the height of post-modern cool it so fiercely questions. A change for the better comes in the casting, which is strong throughout, and prevents the kind of grotesque over-the-top performances that marred the initial West End production. As a result the play is much funnier and more wickedly satirical.

Clara Salaman is impressive as the tough yet childish Scout, who thinks sex in public is not nice but who finds killing people in public perfectly acceptable. There is a good volcanic performance from Paul Brennan as the dangerously sane psychotic Wayne, and from John Bowler as the egotistical Bruce who is willing to take the blame but not the blame. But Noble, towering above everyone else, grabs the attention, bringing a peppery intelligence to a woman who wants to be taken seriously as an actress and will resort to violence if dismissed as a model. She is a major surprise. This review appeared in later editions yesterday.

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The Guardian Friday September 25 1998

Bus driver hailed by Booker judges

First-time novelist makes the shortlist for major literary prize. **Dan Glaister** reports

THE 159 bus travels from Streatham in south London to Oxford Street. It does not pass Guildhall in the City but on October 27 its driver may have to make a diversion.

The surprise name on the 1998 Booker Prize shortlist, announced yesterday, was Magnus Mills, a first-time novelist who supports his literary endeavours with his day job as a driver on the 159 route. Yesterday Mr Mills was not available for comment. He was probably driving his bus.

The shortlist also includes more familiar names. Booker Prize veterans Beryl Bainbridge, Ian McEwan, Patrick McCabe and Julian Barnes were joined by Martin Booth, an expert on Hong Kong.

Bookmakers immediately installed Ian McEwan, controversially omitted from last year's shortlist, as 6-4 favourite. He was followed by Beryl Bainbridge, who equals a Booker record with her fifth nomination, at 5-2. Julian Barnes at 4-1, and Patrick McCabe at 9-2. The outsiders are the two comparative unknowns, Martin Booth at 8-1 and Magnus Mills at 10-1.

Former foreign secretary Lord Hurd, chair of the judges, said: "There is no obvious frontrunner, no one guaranteed to win. We have had a strenuous, good-humoured session. Five very different judges from five very different backgrounds and we have arrived at a talented shortlist with a lot of excitement in it."

Magnus Mills made the headlines last month when it was incorrectly reported that the rights to his novel, *The Restraint of Beasts*, had been bought for £1.1 million. In fact he received £10,000. Pundits will bear in mind that last year's Booker was won by a debut novel, Arundhati Roy's *The God of Small Things*.

There is also a new publisher in the list among the familiar names of Cape, Flamingo, Duckworth and Picador. Dewi Lewis, better known as a publisher of photographic monographs by leading photographers, has broken through with only his second novel, Martin Booth's *The Industry of Souls*.

The publisher, based in Stockport with a staff of two and a turnover of around £150,000, was established in 1994 by Dewi Lewis, who founded the Cornerhouse arts centre in Manchester. "We're absolutely delighted," he said. "To get just your second novel on to the Booker shortlist is fantastic. It's been very hard to get reviews for the book, partly because we published it in paperback. We sent out copies to literary editors, then second copies, and now they're all asking us for copies."

He added: "I heard about the Booker speculation when I was on holiday, and since then I've been trying to ignore it. I've been as pessimistic as possible, but optimism kept creeping in."

Martin Booth, who spent much of his childhood in Hong Kong, has written film scripts, documentaries, and children's fiction. "The Industry of Souls is a very strong story, it's well written, and it's very much a literary novel," said Mr Lewis.

Martyn Goff, administrator of the Booker Prize for 25 of its 30 years, said yesterday's meeting of the judges was one of the best in memory, with no major rows.

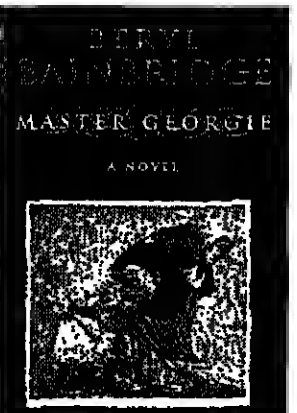
Nevertheless, attention around the shortlist will focus on the omissions as much as the inclusions. Several strongly tipped contenders failed to make it, including Irish writer William Trevor's *Death in Summer*, and Shant Mootoo's debut *Cereus Blooms at Night*. Other tipped writers included former Orange Fiction Prize-winner Helen Dunmore, William Boyd, David Cautie, whose self-published satire on the Kosovo affair was turned down by publishers on the grounds that it was too controversial; Alan Hollinghurst's *The Spell* and Barbara Trapido's *The Travelling Hornplayer*.

Just one woman made the shortlist. This year's judges include three women, journalists Nicola Lawson and Miriam Gross and novelist Penelope Fitzgerald. The other judge is broadcaster and literature lecturer Valentine Cunningham.

The winner will be announced at the Guildhall on October 27. The ceremony will be televised live on Channel 4.



The contenders: clockwise from far bottom left, Hong Kong expert Martin Booth, bus driver Magnus Mills, record-equalling Beryl Bainbridge, 4-1 shot Julian Barnes, Booker veteran Patrick McCabe, and the favourite, Ian McEwan



Beryl Bainbridge (63) *Master Georgie* Duckworth (£14.99)

Three linked tales, set during the Crimean war and centring on the married, but homosexual, surgeon George Hardy.

Extract: "I was twelve years old the first time Master Georgie ordered me to stand stock still and not blink. My head was on a level with the pillow and he had me rest my hand on Mr Hardy's shoulder; a finger-tip chill struck through the cloth of his white cotton shirt. It was a Saturday, the feast of the Assumption, and to stop my eyelids from fluttering I pretended God would strike me blind if I let them, which is why I ended up looking so startled. Mr Hardy didn't have to be told to keep still because he was dead."

Review: "Entertaining, as well as harrowing, but the real point is that it refuses that simplification. Bainbridge shows how the photographs taken during the novel, which provide its notional fictional structure, can't tell the whole story, indeed can obscure it. As a theme for a historical novel set during a terrible war, the choice of photography—a new art/science at the time—is appropriate in itself."

Giles Foden, *Guardian* *William Hill* odds: 5-2 *Guardian* odds: 7-4



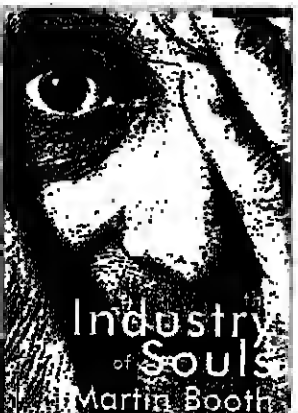
Julian Barnes (52) *England, England* Jonathan Cape (£15.99)

Barnes's novel offers a satirical view of the English. A British tycoon called Sir Jack Pitman buys the Isle of Wight and sets about recreating a traditional England.

Extract: "He could already see a few early lights in the distance: a village of commuters, a pub returned to authenticity by the brewers. His journey was ending too quickly. Not yet, thought Sir Jack, not yet. He felt at times such kinship with old Ludwig, and it was true that magazine profiles of Sir Jack frequently used the word genius. Not always embedded in flattering contexts, but then, as he said, there were only two kinds of journalists: those he employed, and those employed by envious rivals."

Review: "At times the fluency seems slightly inauthentic, as if Barnes had retired to the sofa and let his huge talent do the work. But perhaps this surfeit of comedy bears a metaphor: that Englishness as a quintessence of attributes from Beelzebub to buggery is nothing more than an extended joke."

Laura Cumming, *Guardian* *William Hill* odds: 4-1 *Guardian* odds: 4-1



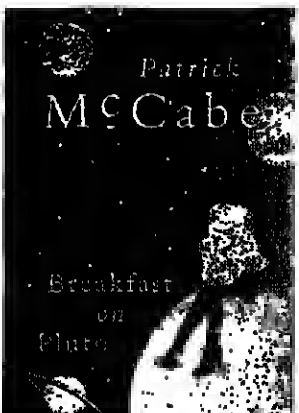
Martin Booth (54) *The Industry of Souls* Dewi Lewis (£8.99)

The story of Alexander Bayless, a British citizen arrested for spying in the Soviet Union, presumed dead by the British government but surviving for 20 years in a Soviet labour camp.

Extract: "Five lines of prisoners stumbled forward at a half run, heading for the building which housed the winding gear. Their feet thumped rhythmically upon the leaden, frozen slush coloured with coal dust. In the sidings, a locomotive loudly vented a rush of steam which lazily rose about three metres in the frigid air before, being robbed of its heat, it collapsed, the water droplets freezing and drifting down in strands. It looked like ectoplasm in faded photographs of Edwardian séances."

Review: "Clearly echoes Dostoevsky's Siberia documentary, *The House of the Dead*. Booth's writing has a grisly authenticity—the author must have known gulag inmates. If Dostoevsky's Siberian servitude was a living death, Comrade Bayless had a worse time."

Ian Thomson, *Daily Telegraph* *William Hill* odds: 8-1 *Guardian* odds: 7-1



Patrick McCabe (43) *Breakfast on Pluto* Picador (£15.99)

The story of Patrick "Pussy" Braden, the illegitimate son of a parish priest in rural Ireland, who ends up as a teenage transvestite prostitute in London.

Extract: "Ah, God bless us, it's yourself" remarked randy old Father Bernard on a grand soft day in February as he opened the door to reveal the young girl who bore a startling resemblance to a very well-known film star standing on the front step of his residence. "It's indeed," replied the young girl, who, on account of her coming to work for the local parish priest whose dicky she knew would be only, given the slightest encouragement, too eager to start stirring and getting up to mischief, had gone out of her way to take precautions and camouflage herself—with the result that she looked just like any old priest's housekeeper."

Review: "Writing in a camp, high-octane, exclaiming voice, filled with faux-naïveté and telling references to political events, McCabe manages to say more about Northern Ireland's recent history than many historians have been able to."

Antonia Lodge, *Guardian* *William Hill* odds: 9-2 *Guardian* odds: 6-1



Ian McEwan (50) *Amsterdam* Jonathan Cape (£14.98)

Clive, a famous composer, and Vernon, the editor of a prestigious but unsuccessful newspaper, have in common a former mistress, Molly Lane, whose death sets in motion the novel's satirically observed events.

Extract: "In the semi-darkness, during the seconds it took George to fumble for the light switch, Vernon experienced for the first time the proper impact of Molly's death—the plain fact of her absence. The recognition was brought on by familiar smells that he had already started to forget—her perfume, her cigarettes, the dried flowers she kept in the bedroom, coffee beans, the bakery warmth of laundered clothes. He had talked about her at length, and he had thought of her too, but only in snatches during his crowded working days, or while drifting into sleep, and until now he had never really missed her in his heart, or felt the insult of knowing he would never see or hear her again."

Review: "McEwan manages the unlikely plot with a master's touch. His greatest skill lies in the subtle nuances of characterisation."

John Keenan, *Guardian* *William Hill* odds: 6-4 *Guardian* odds: 5-2



Magnus Mills (44) *The Restraint of Beasts* Flamingo (£9.99)

Tam and Richie are two down Scots labourers sent to a farm-sit in England.

Extract: "We sat at the corner table and considered this vague information. Obviously the Hall Brothers had further plans for us, but until they made contact we would have no idea what exactly was involved. In the meantime, we had to get on with our own job. I wasn't sure what effect the approach of Christmas would have on Tam and Richie. On the one hand it might spur them on so we got finished in good time, but on the other it could just make them homesick and unable to concentrate on work. I must admit that even I felt slightly marooned as the fall lights of Donald's truck headed off towards the road."

Review: "The Restraint of Beasts is a very good first novel, and the story is limply told. Mills's humour is deadpan, his style unfriendly, and he writes good dialogue, sealing in the utterly authentic flavour of labouring gang life."

Peter Kingston, *Guardian* *William Hill* odds: 10-1 *Guardian* odds: 10-1



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Primary concern

% of graduates from Undergraduate Primary courses in employment

Institution	Top	Bottom
University of Central England	85%	75%
Bishop Grosseteste College	85%	75%
St Mary's College	85%	75%
University of Northumbria	85%	75%
South Bank University	85%	75%
University of North London	85%	75%
University of West of England	85%	75%
Middlesex University	85%	75%
University of Plymouth	85%	75%

Source: TTA

A survey of teacher training reveals a worrying future for primary schools — too many women. **John Carvel and Rebecca Smithers** report



Student teachers at Homerton College, Cambridge, where less than 9 per cent of the primary school teacher trainees are male. PHOTOGRAPH: DAVID MANSSELL

Please, miss, where have all the men gone?

MEN are becoming an endangered species on university courses preparing the next generation of primary teachers, according to evidence published yesterday by the Teacher Training Agency which will fuel the debate about the lack of male role models in schools.

The agency has produced the first set of performance tables giving prospective students a guide to 101 universities and other training providers. The statistics cannot

sensibly be translated into lists of best and worst, but they reveal disturbing recruitment problems. They show that men made up 14 per cent of students starting the four-year course to become primary teachers in 1996/97, but that there was a big variation in gender balance between universities.

Derby, Liverpool, Loughborough and the University of East London filled at least 20 per cent of their places with men. But Northumbria, Keele, Sussex and Homerton College, Cambridge, managed

less than 9 per cent. A school-based training consortium in the London borough of Wandsworth came bottom of the table, with one male student among 24 women. Sources at the Department for Education and Employment said: "This is a problem that ministers recognise. There is an absence of male role models in primary teaching. That's partly due to the status of the teaching profession and that will be addressed in a green paper later this year."

Clive Booth, the TTA chairman, said he would be asking Liverpool John Moores University why it had no black

cy's chief executive, said she would be asking the universities to set targets. "We need more recruits and we can't trawl for them in a pool that cuts out half the population," she said. There should also be targets to raise entry standards and improve the ethnic mix. On average 5 per cent of trainees were from an ethnic minority, but in some institutions there were none.

Clive Booth, the TTA chairman, said he would be asking Liverpool John Moores University why it had no black

teaching in 1996/97 and only 2 per cent for secondary teaching. Harkirtan Singh-Raud of John Moores said it had since recruited two students from ethnic backgrounds for primary school training. "We have just invested £50,000 in a new research programme looking at why black and Asian students are not choosing to study teaching across the North-West," he said. "We do attract them to pharmacy, biology and chemistry, but not to education, and this

is reflected in school staff rooms throughout the North." Other universities with an all-white primary entry included Kingston, East Anglia, Hull, Newcastle, Plymouth and Sussex. Ministers want the agency to find out what is deterring ethnic minority students from teaching in schools where they are needed as role models. The tables revealed two institutions, South Bank University and Chichester Institute, where none of the primary trainees admitted in

1996/97 got at least 20 points at A level — equivalent to one grade B and two Cs. Less than 10 per cent of the intake in a score of institutions reached this benchmark. The highest entry standard was at Homerton College, Cambridge, where 67 per cent entering primary training got at least 20 points. Yesterday, Homerton pointed out that the tables were out of date, as last year's intake had 75 per cent. Information on Oxford inspections, it said, was in some cases four years old.

The principal, Kate Pretty, said: "It is important in these days when the teaching profession urgently needs new talent that people considering training to be a teacher have as much information as possible to help them make their decisions. "But we must urge the TTA to use the best data available. Some of the data is based on inspections carried out in 1994/95, even though we, like all other institutions, have been subjected to an intensive programme of inspections throughout 1997/98."

BRITAIN'S BIGGEST IN LAUNDRY

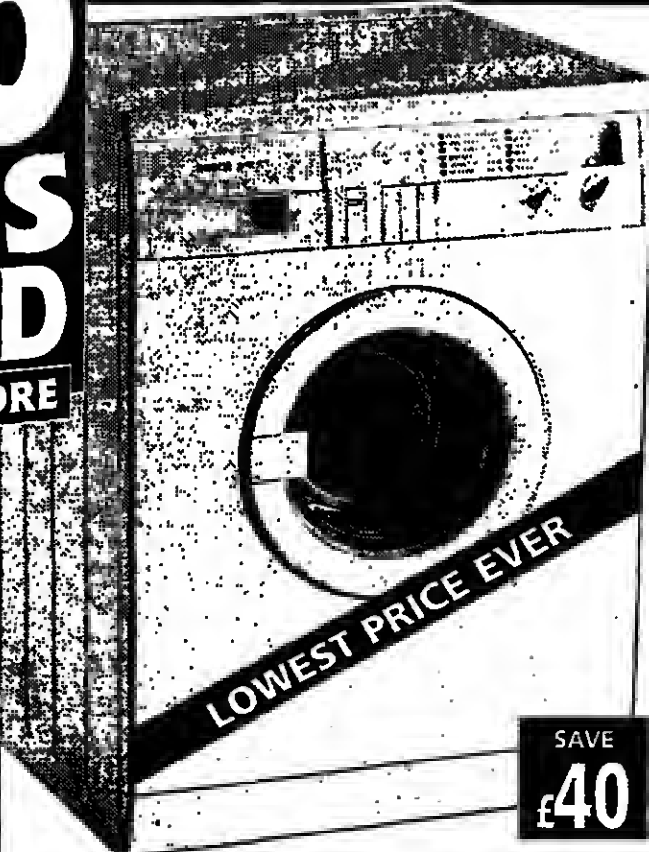
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Pay to lure teachers to bad schools

John Carvel
Education Editor

PAY incentives to encourage good teachers to take up jobs in failing schools were proposed yesterday in government evidence to the independent pay review body that revealed ministers' increasing anxiety about recruitment into the profession.

David Blunkett, the Education and Employment Secretary, said there should be pay incentives to reward high quality staff willing to risk their job security by moving to troubled schools under threat of closure and trying to improve them.

He said the review body should also consider bonuses to attract more secondary teachers in subjects where staff were in short supply, including maths, science and modern languages.

The Commons education committee has called for "golden hellos" to attract teachers to shortage subjects, and Mr Blunkett's evidence could be interpreted as a hint that the Treasury is willing to pay for them.

He urged a better deal for head teachers and deputies in primary schools, and primary teachers in London where recruitment is especially difficult.

The proposals are the first stage of a fundamental reform of teachers' salaries to increase differentials and reward the ablest classroom performers with performance-related pay.

Mr Blunkett said he would publish a green paper in the autumn to explore ways of creating a more flexible pay system.

This could involve assessing teachers against personal targets, including measuring their pupils' performance. "It is important that new arrangements reward teachers doing a good job in difficult schools as well as in successful schools."

Mr Blunkett told the review body that a phased pay award would not be acceptable. The year teachers are getting their increase in two instalments, but any repeat of that procedure would have a "damaging effect on teacher morale", so the review body should make sure its recommendation is "affordable".

Nigel de Gruchy, general secretary of the National Association of School-Teachers, welcomed the recognition of a recruitment crisis, but said it was unrealistic to expect the review body to solve the problem when it was being told to stick to a 2.5 per cent inflation target. Teachers were upset last week when the Government re-appointed Chris Woodhead as chief inspector of schools on a four-year contract with a pay increase of 34 per cent.



'It is important that teachers doing a good job in difficult schools be rewarded'

David Blunkett

tary of the National Association of Head Teachers, welcomed the recognition of a recruitment crisis, but said it was unrealistic to expect the review body to solve the problem when it was being told to stick to a 2.5 per cent inflation target.

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At the dock, Mike Golding's Team Group 4 is a monster from another planet... Designers have pushed their ideas to the limit, and perhaps a touch beyond.

Sport98, page 8

مكتبة الانجل



Michael Ahearne, better known as TV gladiator Warrior (left), who was convicted of corruption with former DCI Elmore Davies (right) and Anthony Bray (far right)
PHOTOGRAPHS: ALI VERA



Detective and Gladiator are jailed

Plot to sell police information to criminal facing firearms charges

Duncan Campbell
Crime Correspondent

A DETECTIVE and a star of the television series *Gladiators* were jailed yesterday over a plot to sell secret police information to a British criminal.

Former Merseyside police Detective Chief Inspector Elmore Davies, aged 50, of Oxtun, Wirral, was jailed for five years at Nottingham crown court after a jury unanimously found him guilty of corruption and conspiring to pervert the course of justice.

Mr Justice Curtis told Davies he had acted out of "sheer greed" and anger at not being promoted to the rank of superintendent. He had cynically betrayed public trust.

He told Ahearne he was entirely taken up with leading a self-indulgent and indisplined life. "I have not the least doubt that you were led into these crimes by Elmore Davies."

The case arose out of a brawl at the Venue nightclub in Tuebrook, Liverpool, in July 1996 as a result of which a local criminal, Philip Glennon, was thrown out. He had returned later with a gun. He was then pursued by the police and a shot was fired. He was caught and disarmed and later charged with attempted murder. That charge was dropped but Glennon was jailed last year for six years for firearms offences.

Ahearne was approached because he was known to be close to Davies and given £20,000 to get information from Davies that would damage the prosecution. Davies was promised that more money would be forthcoming. Ahearne's role, crown counsel Peter Joyce QC told the court, was to act as "go-between and runner".

During the 24-day trial the court was played secretly recorded tapes of Davies agreeing to pass confidential information to Warren. This concerned PC Gary Titherington, the policeman who had chased Glennon after the nightclub brawl and a key witness in the case against him.

A bug had been hidden in Davies's flat in Oxtun by police after he had come under suspicion when Dutch police investigating Warren discovered a weak link in the Merseyside police side of the operation.

On the tape, Davies was heard to stress to Ahearne the need for security: "I know I am being paranoid about this but if they mention your name, we'll no longer be of use to him because either I'll get fed disinformation or they'll move me where I can not find anything out."

Davies passed on details about PC Titherington, including his address, car registration and the nursery his daughter attended. The idea was that either Titherington would be frightened out of giving evidence or would be approached and an attempt made to bribe him. It emerged in the trial that PC Titherington had had a compromising extra-marital relationship with a woman who ran an escort agency, for which he had been severely reprimanded by his force. This could have made him vulnerable to attempts to warn him off giving evidence.

Weed takes the bloom off prizewinning floral display

Geoffrey Gibbs

CIVIC leaders in Glastonbury liked the tube and hanging baskets full of colourful plants, which brightened up one of the town centre shops. So much so, that they awarded the shop, in Harmony With Nature, a first prize in the Glastonbury in Bloom competition.

But the police were less impressed. They discovered, among the chrysanthemums, roses and heathers, 13 tiny plants with distinctive leaves. Swiftly, the plants were uprooted and Free Rob Cannabis, the shop owner, was arrested on suspicion of cultivating an illegal drug.

Mr Cannabis, aged 31, who changed his name from Robert Christopher last year as part of his campaign to get the substance legalised, has been bailed while the plants are analysed. But Glastonbury's deputy mayor, Alan Gloak, who chaired the floral judging panel, said cannabis plants in the town's displays were "endemic".

Council workers had to remove them from around the war memorial and from other tubs. "People scatter these seeds all over the place," he said.



Free Rob Cannabis tends his plants PHOTOGRAPH: LEN COPELAND

Butlin's sued after deaf guests ordered to leave

Amelia Gentleman

THE holiday company Butlin's has been issued with a court summons after 58 deaf guests were evicted from a camp in Wales, the Royal National Institute for Deaf People said yesterday.

The charity plans to take Butlin's to court for asking all deaf guests to leave after a small minority became involved in a pub fight and ransacked a chalet last New Year's Eve.

Legal action has been initiated by 28 of the evicted guests, who say they were forced to leave the camp at Pwllheli, North Wales, in the middle of their holiday simply because they were deaf. One complainant, Carl Miller, a 29-year-old student from Leicester, said: "I asked the Butlin's management if they would have thrown every black person off the camp because of the actions of one or two. I was disgusted when they told me 'Deaf is different'."

Life for killer foiled by security cameras

Judge talks of 'wicked, wicked crime' by man who stabbed his son's girlfriend in sexual frenzy

Martin Wainwright

A CALLOUS killer was convicted yesterday of stabbing his son's young girlfriend to death in a sexual frenzy, after his "perfect murder" was foiled by closed circuit security TV.

Hidden cameras newly installed by Wakefield council in West Yorkshire blew apart Stephen Hughes's alibi when police combed hundreds of hours of film to find images of him taking his victim to a lonely riverside path.



Stephen Hughes (far right) at Leeds crown court yesterday, he was convicted of killing Rachel Barraclough (right), the 18-year-old girlfriend of his son Carl (above)
PHOTOGRAPHS: WILLIAM LACK and BEN LACK



'She didn't deserve to die like she did. She trusted him and he abused her trust. Stephen Hughes deserves to rot in hell'
Jayne Barraclough, victim's sister

The judge evoked a "horrible" picture of Hughes, a hotel chef whose son Carl was originally suspected of killing his girlfriend after a previous row, scabbling through Rachel's bag for jewellery and petty cash, after the attack.

Passing sentence, he told Hughes that he would draw

the murder bunt, said that the killing of an 18-year-old girl by a man she knew and trusted was made more horrendous by the amount of planning that went into it.

He added: "I have no feelings for Stephen Hughes. The judge has rightly summed up the wickedness and callous-

ness he displayed. He has shown no emotion throughout this trial. He has shown no remorse at any stage."

The court heard how Rachel had been besotted with her short-tempered, heavy-drinking lover, who, despite sharing his father's Mormon faith, experimented

with drugs. On the day of her death she had dressed in her favourite black clothes to try to win Carl back from his new girlfriend, Diane Sherrington.

Police inquiries initially focused on Carl, who claimed in court that officers had accused him of being "mur-

to lure
chers to
schools



David P. Bennett

Book, Mike Golding's Group 4 is a monster... have pushed them to the limit, and as a touch beyond.

Judge hits at rapist deportation delay

A JUDGE has demanded an inquiry after it emerged that a sex offender was set free to attack again — despite a court recommending he be deported. Rashid Musa, aged 22, raped a woman and a teenage boy. He was found guilty of two rapes, one attempted rape and two offences of stealing.

The Old Bailey was told he had fallen through the deportation net because of confusion about his nationality and because of lack of resources. He had arrived in Britain in 1992 and applied for asylum claiming to be Somali. In 1996 he was sentenced to 18 months youth custody for a serious sexual offence against a 15-year-old girl, but when he was later also sentenced to 18 months for burglary the judge recommended deportation. He was served with deportation papers in Doncaster prison in 1997, but released because his lawyers served the Home Office with a writ saying he would appeal and was being wrongly detained.

Although the appeal was dismissed in October 1997 and the deportation papers were sent to an immigration enforcement squad, he was not sought. This year he attacked a woman in flats in central London and a 16-year-old boy in toilets on a train. Judge David Radford said: "Whilst he was at liberty, these offences were committed. I certainly want to know why that was." The case was adjourned for reports.

Art trial lawyers sacked

THE alleged mastermind of an art fraud yesterday sacked his lawyers on the second day of his trial at Southwark crown court and announced he would defend himself. John Drewe, aged 50, is accused of forging documentary histories for faked works by leading 19th century artists which he commissioned from an impoverished artist.

The scheme deceived several West End dealers and private art collectors. Drewe denies three counts of forgery, one of theft, one of false accounting, one of using a false instrument with intent and one of conspiring to defraud. — *Amelia Gentleman*



Sainsbury's £5m for Tate

AFTER the Sainsbury Wing at the National Gallery was the Sainsbury Exhibition Galleries at the Tate. With a donation thought to be worth in the region of £5 million, the Tate yesterday announced that it had met its funding target for the extension of its existing gallery at Millbank in London.

The extension (illustrated above) will increase exhibition space at the gallery by some 15 per cent. The development forms part of the Tate's reorganisation, which will see creation of the Museum of Modern Art at Bankside and renaming of the existing London site as the Tate Gallery of British Art. — *Dan Glaister*

Rating wins £1m damages

A FORMER Royal Navy rating was yesterday awarded £1 million damages for brain injuries suffered when he was knocked over by a car in Gibraltar seven years ago. Stephen Westcott, aged 25, of St Austell, Cornwall, requires round the clock care but he was not entitled to legal aid even though he was serving in the British navy and the accident was on British territory. He was able to pursue his claim only after a mystery benefactor agreed to pay the legal bill. The damages were settled by a court in Truro yesterday, two years after lawyers obtained judgment against the car driver's insurers in Gibraltar. — *Geoffrey Gibbs*

Sparrows 'endangered'

THE once common house sparrow has joined the list of endangered birds. It is afforded "high alert" status in a new report by the British Trust for Ornithology, along with 19 other bird species whose numbers have declined by more than half over the past 25 years. Numbers of house sparrows have fallen by two-thirds since 1970, for reasons which are not clear. The common snipe is down by an estimated 80 per cent over 25 years, and the goldeneye by about 60 per cent. But the lapwing, tawny owl and yellow wagtail are doing better and have been moved from "high" to "medium alert".

Salman Rushdie fatwa lifted



Flames of anger... Muslim protesters burn copies of the Satanic Verses in Bradford in 1989. PHOTOGRAPH: ASADOUR GUZELIAN

The last verse in long and tortuous saga of outrage

Ian Black on a UN meeting that sealed Cook's diplomatic triumph

IT WAS just after noon in New York yesterday when British diplomats heard the words they had waited for almost nine years: Kamal Kharrazi, foreign minister of the Islamic Republic of Iran, agreed to a statement pledging formally and publicly that his government would do nothing to harm Salman Rushdie.

In a small room near the United Nations security council chamber, Robin Cook, exhausted after flying for nearly 24 hours from Malaysia, presided over a carefully crafted diplomatic triumph that means the author, whose novel the Satanic Verses enraged the late Ayatollah Khomeini and brought a wave of fury from Muslims across the world, can begin to live a normal life again.

It was long and tortuous in the making, and many believed it would never happen. First glimmers of hope emerged in the summer of 1997, when Mohammed Khatami, a liberal cleric, won the Iranian presidency and set about improving his country's difficult relations with a hostile outside world. Feelers were put out to America, the "Great Satan", and to Britain about helping Tehran emerge from its long pariah status.

Nothing could happen easily or quickly. Isolated and suspicious after its bloody eight-year war with Iraq, Iran was accused of supporting terrorism — killing Kurdish exiles in Berlin, and backing the most violent fundamental-

ist enemies of the fragile Arab Israeli peace process. Intelligence agencies regularly reported that Iran was seeking to build long-range missiles and nuclear weapons.

In its volatile political system, with hardliners continually opposing Khatami's relatively moderate policies, Rushdie was the toughest issue of them all. Tehran always insisted that the late Ayatollah Khomeini's 1989 fatwa was an immutable religious edict that could not be revoked after his death.

Repeated statements that

the Iranian government would do nothing to implement the fatwa were not enough, the Foreign Office believed. Rushdie's supporters demanded far more.

For a long time quiet diplomacy got nowhere. Attempts by the European Union to crack the problem came to nothing. EU presidencies and initiatives came and went, but as Iran began to change and European companies and governments queued up to do business, the drive for normalisation exercised a stronger pull on both sides.

The key to yesterday's dramatic breakthrough was to sidestep the fatwa and to get the strongest pledge yet that

Tehran would "take no action whatsoever" to threaten Rushdie's life, in an agreed statement that constitutes the "written assurances" that Britain had wanted.

But there was another crucial ingredient — Tehran's statement that it dissociates itself from "any reward which has been offered in this regard and does not support it".

This refers, though not explicitly, to the \$2 million (about £1.2 million) offered by the Khatami Foundation for Rushdie's murder. Khatami, it was recognised, had no power to order the foundation, which is backed by hardliners, to withdraw the bounty, but he could say that it was nothing to do with him.

In the background, the Anglo-Iranian honeymoon was gathering pace, with signals that an end to the affair would mean a ministerial visit and the exchange of ambassadors announced yesterday. There was talk of British Council activity and new opportunities for British business, especially in oil and gas.

As the vital details were finalised in Tehran and London last week, Rushdie's supporters agreed to keep quiet.

Serious was vital for fear that premature publicity could torpedo it at the last minute. Until Kharrazi agreed in the meeting that he would read out the text, no-one on the British side was certain that the long haul would have a happy end. "We thought there could be a last minute phone call from Tehran and it would all be off," grinned one relieved mandarin last night. "But in the end it worked."



Robin Cook at the UN with Iran's Kamal Kharrazi

'It looks like it's all over' — but is it?

Muslim groups question Iran's move, reports Jamie Wilson

SALMAN Rushdie last night greeted the news that the government of Iran had removed the bounty from his head with the words: "It looks like it's all over."

But does the announcement really mean that Mr Rushdie is safe?

Yesterday Muslim groups in Britain, while reiterating that they did not support any attempt on Mr Rushdie's life, said that the announcement by the Iranian government did little to change Mr Rushdie's position.

Ghayasuddin Siddiqui, leader of the Muslim parliament in Britain, said: "I don't think it will make any difference. They have not said they have revoked the fatwa because they cannot do it. It remains in place. As far as Rushdie is concerned, the situation remains the same. The fatwa remains operative and he is only safe in Britain."

Arjen Choudhary, of Al-Muhajiroun, one of Britain's more extreme Muslim groups, said that the Iranian government did not have the power to lift the fatwa. "The Islamic position is that anyone who insults any of the prophets must face capital punishment."

"Our position is that this sentence can only be carried out by the Islamic state, not by individuals."

Mr Choudhary said that no truly Islamic states existed at the moment so the sentence could not be carried out. "But there will always be Muslims who want to carry out the verdict."

Manzoor Moghal, spokesman for the Muslim Council of Britain, said: "The improvement in diplomatic relations between Iran and Britain is very welcome."

"Salman Rushdie has been moving around reasonably freely for some time now, but within the Muslim community he remains a pariah because of what he did. He remains an outcast because of the deep hurt and offence he caused, for which he has never apologised."

"His rehabilitation into the Muslim community has not started and will not start until he apologises and agrees to have copies of The Satanic Verses destroyed."

However, Mr Rushdie last night refuted the claims that the Iranian government did not have the power to lift the fatwa.

"All I can say is that it seems that this has been done in Iran with consensus. There doesn't seem to be any opposition to it in Iran."

"There are one or two self-styled hardliners in England belonging to tiny organisations who are saying this and that, but they are completely unimportant."

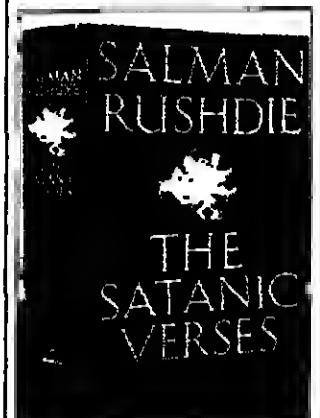
"The fact is that after 10 years an extraordinary thing has been achieved."

Margaret Drabble, the novelist and editor of the Oxford Companion to English Literature, who has seen Mr Rushdie at regular intervals, expressed delight at the news.

"His survival has been remarkable. The fatwa was depressing enough. The fact that it went on for nine years is even worse but thank goodness it has not lasted any longer. It has been a long long wait. All his friends can breathe a sigh of relief and celebrate."

"Clearly the Iranian government would be extremely embarrassed if anything should happen to Salman now. There is always a risk from an oddball headline terrorist, but we are all at risk from them."

It is difficult to gauge exactly what difference the new relationship between Iran



'He remains an outcast because of the deep hurt and offence that his book caused'

and Britain will have on Mr Rushdie's personal life. Scotland Yard, which has been guarding the author around the clock for the past nine years, does not comment on details surrounding his security. However, it seems unlikely that there will be a scaling down of the protection yet.

According to Mr Rushdie, more than two dozen Iranian hit men have been expelled from Britain over the last decade for trying to carry out the fatwa.

Time to deliver, Ashdown tells PM



Michael White Political Editor

PADDY Ashdown yesterday challenged Tony Blair to prove he is a "pluralist, not a control freak" and throw his weight behind fundamental reform of Britain's governance.

Though praising Mr Blair's "considerable achievements" in office, the Liberal Democrat leader warned that failure to deliver campaign promises — ending poverty and sleaze, reforming the Westminster voting system, and introducing a freedom of information act — would undermine public and Lib Dem confidence in Labour.

"You have honoured, when many said you didn't need to, commitments you made on constitutional change before the election. And I respect you for that."

"But I have one great question about you. Are you a

'Control freak' challenge on constitution as Lib Dem leader urges party to keep nerve

pluralist or are you a control freak?" Mr Ashdown asked the Prime Minister in a theatrical flourish.

"Your language tells me you're the former, but too many of your government's actions tell me you're the latter... Your decision on fair votes will tell us which."

"It will reveal what kind of Government yours will be. It will determine the future course of our work together, and it will tell us what kind of a country you want Britain to be."

Mr Ashdown's hour-long speech on the last morning of the five-day Brighton conference won him warm applause and fell short of the most ecstatic receptions of his 10-year leadership. But it was a mid-term holding operation urging his troops to have both the discipline and self-confidence to trust him.

"The dominant agenda of ideas — the powerful citizen, the strong community, enabling government — is ours."

Unprecedented electoral strength is ours. Today we have arrived at the very threshold of an historic achievement," he told an audience of party activists wary of his growing closeness to Downing Street and talk of coalition.

After years in the wilderness the party must "keep our nerve".

If we stay focused on the future, if we stay players on the field, not spectators from the sidelines, then we shall be at the centre of one of the greatest periods of reform our nation has ever seen," Mr Ashdown predicted.

Yesterday he virtually ignored what he called the "irrelevant" Tories, and mocked the shortcomings of some of Mr Blair's ministers, notably Gordon Brown, to show his independence. But he was careful to pull most punches, and he also managed to deliver a gentle reproach to the conference for voting down the leadership's plans for neighbourhood schools trusts. Urging Lib Dem councils to experiment and innovate, he revealed that pilot school trusts, taking powers away from local authorities, would go ahead in Liverpool. That quickly prompted divisions among Liverpool Lib Dems.

With Lord Jenkins poised to produce a proportional representation option to replace the first-past-the-post system of electing MPs — the Lib Dems' Holy Grail for 70 years — Mr Ashdown's main task

yesterday was to flatter his party that it was winning the battle for ideas as "the old limits of geography and nation" gave way to a globalised democracy.

"Class conflict, elitism, conformity, centralism" were giving way to "interdependence, self-reliance, openness, liberty, diversity, pluralism" and a more assertive electorate, he claimed. What separated Liberal Democrats from their rivals was a belief in "the powerful citizen".

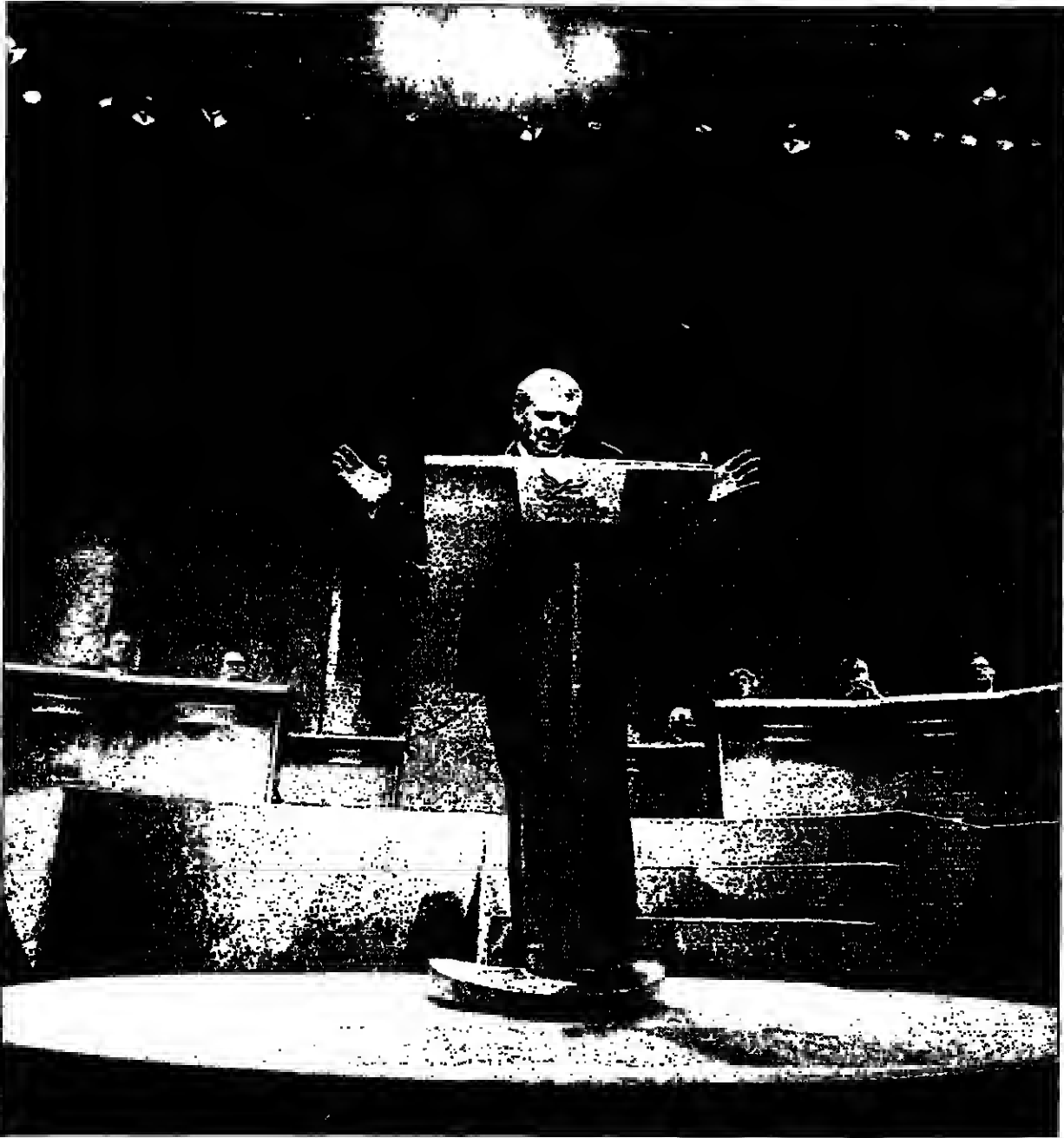
But he also sought to persuade his party to be pragmatic if the Jenkins report due next month failed to deliver a pure system of PR. Mr Blair must back Lord Jenkins in the promised referendum, he said, and deliver a reformed House of Lords based not on patronage, but on democracy.

However, participation in Mr Blair's cabinet committee on such reforms was "about a programme, not about picking and choosing", Mr Ashdown reminded the party.

Raising his eyes above the domestic hatterground, he contrasted a week of Brighton sunshine with the war "just two hours flight from here" in Kosovo. A planned visit by him this weekend has been held up over a visa from Serbia.

Yesterday he said: "The international community, led by the West, must say to Milosevic: Stop or we will use air power to stop you."

Leader comment, page 13



'On the threshold of an historic achievement'... Paddy Ashdown giving his speech yesterday. PHOTOGRAPH: MARTIN ARGLES

سكان من الدول

Surge of refugees a 'time bomb' for London boroughs

'The Government seems to be playing Nero,' Peter Hetherington reports



Kosovo refugees in Haringey, north London, facing an uncertain future in Britain
PHOTOGRAPH: SEAN SMITH

THEY emerge throughout the day from the back of lorries parked in quiet London streets — heavy-eyed and penniless, with no belongings apart from the clothes they are wearing. What began a few months ago as a trickle of asylum seekers has become a surge, overwhelming London boroughs like Haringey and Brent.

"We are facing a crisis and the Government seems to be playing Nero," said an exasperated senior social worker. "There is no policy for dealing with this in London, let alone nationally. We are sitting on a time bomb."

This year the number of asylum seekers in the capital — often ethnic Albanians fleeing the war in Kosovo — has more than doubled. Figures produced yesterday by the Association of London Government, representing 32 boroughs, put the number at more than 24,000 — 12,200 since adults, 16,000 people in families and 1,300 unaccompanied children.

"Some councils are clearly being overwhelmed," said a senior official vainly attempting to co-ordinate some capital-wide response.

The ALG is pressing the Home Secretary Jack Straw to invoke emergency planning procedures to deal with a growing crisis. It wants a national placement strategy similar to that deployed in the aftermath of the Bosnian civil war. Then 2,500 refugees were found accommodation around Britain. But with the civil war in Kosovo intensifying, fears are growing that Britain, particularly London, is facing a much bigger wave of refugees.

Although the Government

will eventually reinburse councils for most of the resettlement cash, the ALG estimates boroughs this year will pay an extra £130 million to deal with a problem described by the Housing Minister, Hilary Armstrong, as "acute". This is stretching councils, already cash-strapped, to the limit.

While food and clothing vouchers, accommodation, education and other essential services are provided by some boroughs, others shift the problems from their doorstep, leaving neighbouring councils to pick up the tab.

"Boroughs are having this problem dumped on them because the last Government took away benefits from most asylum seekers," says the Refugee Council.

Haringey, which has one of the largest groups of asylum seekers, recently formed a special 30-strong team of social workers to handle its crisis. "We have cases of children as young as 16 coming in the back of trucks five or six at a time," said Carol Wilson, assistant director of social services. "Some parents are clearly terrified that their sons will be conscripted. But

we are now starting to get young girls, which shows how desperate things are getting."

Haringey is looking after 137 children under the age of 18 seeking asylum. This amounts to a quarter of the total of children under care in the borough. "The number is rising and making things very difficult for us," Ms Wilson added.

Some children, from the Horn of Africa, Zaire and Kosovo, had been placed in foster care. Others, in their teens, had been given council owned beds.

At St Anne's lodge, a former

Haringey convent converted into a mosque and social centre, charity workers and council officials are working round the clock to find temporary accommodation for destitute Kosovans and other asylum seekers. Bunk beds have been found for more than 100. Other rooms are now being converted into dormitories, but with pressure growing, the mosque is considering erecting tents in the lodge grounds.

Apron Krasniqi, from the Kosovo capital of Pristina, who acts as Haringey council's interpreter, said most

preferred to stay in London. "They think there is more work here. Some were offered a place in Eastbourne but refused to go because they did not think there would be many opportunities."

But with an estimated 250,000 empty properties in Britain, including about 100,000 council houses, agencies believe the Government will have to send asylum seekers to the Midlands and the North. But Mr Krasniqi is apprehensive. "They think London is the place and would not like anywhere else."

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DNA will collar the dirty dogs

James Meikle and Amanda Tatham

IT has helped convict murderers and release the innocent from jail. Now DNA testing may ensure that dirty dogs — or their owners — have had their day.

The authorities in Melbourne, Australia, plan to use forensic evidence to prove whose pets have fouled the pavements, parks and beaches of the city. As Britain considers forcing an ID microchip into the neck of every dog, Australian scientists are more interested in what comes out the other end.

So, a curried, crusty lump of evidence is awaiting its day in court — having been scooped off the beach following a sighting of a black and tan terrier making the deposit. The dog may be the first to be genetically linked to its droppings, if its owner refuses to accept responsibility, and pay the \$100 (£36) fine.

The DNA testing is the latest weapon in the battle to control the dumping of 350,000 tonnes of dog turds by the nation's 3 million dogs.

Dick Gross, mayor of Port Phillip, in Melbourne, said: "Community satisfaction surveys show that dog poo is the number one issue in terms of cleaning and the appearance of the municipality. Dog poo is also a major source of pollution in Port Phillip Bay. Following rain, it is washed into the bay where it becomes

a source of high, sometimes unsafe *E. coli* readings."

Graeme Smith, general manager of the local lost dogs home, is responsible for the council's animal management service. A leading campaigner against dog owners who refuse to pick up droppings, he has spent hours on a popular beach monitoring dog squatting habits.

He says that further work needs to be done to work out how much genetic material can be extracted from faeces — some droppings may contain insufficient cells from the bowel wall to give an accurate match to a dog's blood or hair sample.

"This is a last resort that should be used in conjunction with other evidence such as eye witness accounts, photographs and video surveillance," said Dr Smith, who added that though dog registration in many municipalities was compulsory, DNA profiles from the public would have to be voluntary, being too costly to police.

The idea has been floated but never used in Britain. A scheme to test dogs, discussed two years ago by parish councillors in Bruntingthorpe, Leicestershire, was enough in itself to make owners more responsible. But the Kennel Club may find DNA useful in their testing for breeding information.

Meanwhile, back in Australia, street and park cleaners are being given a \$1 bonus for each dropping they pick up.

'Non-aligned' campaign against euro given £20m

Nicholas Watt Political Correspondent

PAUL Sykes, the multi-millionaire businessman who bankrolled scores of Eurosceptic Tory MPs at the last election, is donating £20 million to a new group which will campaign against the European single currency.

The donation from Mr Sykes, who is worth an estimated £250 million, dwarfs the Tory party's £10 million annual budget.

Mr Sykes, a Yorkshireman who started life on a council estate, yesterday called his Democracy Movement yesterday "a politician-free zone" which would become the most serious opposition to the single currency.

The new group is an amalgamation of the Referendum Movement, successor to the late Sir James Goldsmith's Referendum Party, and supporters of Mr Sykes.

A series of Democracy Days will be held, starting next January, when the euro is established in 11 countries, to campaign for a No vote when a referendum is held on British membership.

Mr Sykes said the group would steer clear of party politics, which he dismissed as "waffle", but would concentrate on recruiting supporters from trade unions.

Mr Sykes aims to raise a further £20 million on top of his donation to fund the Democracy Movement.

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The Clinton crisis

Impeachment vote soon

Martin Kettle in Washington

THE United States Congress will vote in less than two weeks on whether to begin an impeachment inquiry into President Bill Clinton, Republican leaders announced yesterday.

Ending weeks of speculation, the Republican chairman of the House of Representatives, Henry Hyde, said that the committee would meet in public session on October 5 or 6 to consider "a resolution to initiate an impeachment inquiry".

If as expected the 37-member committee passes the resolution, it will go to the full 435-member House for confirmation on either October 6 or 7. Both the committee and the House have Republican majorities.

The resolution in the House will authorise Mr Hyde's committee to begin inquiries and hearings which could lead to the drafting of impeachment charges against Mr Clinton arising from the investigations by the independent counsel Kenneth Starr.

Mr Starr recommended eleven possible grounds for impeachment, including perjury and obstruction of justice. In his report on the Monica Lewinsky affair.

These are expected to form the core of any impeachment attempt, although it remains possible that Mr Starr will soon submit a second report containing charges against Mr Clinton arising from the Whitewater and other investigations on which he has been engaged since 1994.

Congress might extend the remit of the inquiry to include Mr Clinton's 1996 campaign fundraising, the House Speaker, Newt Gingrich, hinted this week a move which could drag Vice-President Al Gore into the process for the first time.

"There may be other matters that we feel bear on the main question of the fitness of the president for this office," Mr Hyde said yesterday.

At the end of its inquiry stage, the committee votes on individual articles of impeachment. These articles are then submitted to the House, where a simple majority is required for confirmation, triggering a trial.

An impeachment trial of the president then takes place in the Senate, presided over by the chief justice. A two-thirds majority — 67 out of the Senate's 100 members — is necessary to remove Mr Clinton from office.

The decision to announce a firm timetable for the first stage of the process, which will take many months if it goes the full distance, was intended to stop the growing talk among Democrats of a possible quick compromise.

"There may be other matters that we feel bear on the main question of the president's fitness for office"

in which Mr Clinton might escape with a censure motion and other penalties, perhaps including a fine.

Saying that America was "a nation of laws not governed by opinion polls", Mr Hyde added: "It's very important that we don't get sidetracked by attempts to cut deals or cry wolf about partisanship, but keep our eye on the ball."

"We're about one mighty task and that's vindicating the rule of law," Quoting Theodore Roosevelt, Mr Hyde said: "No person is above the law and no person is below the law."

Attempting to stop any talk of an early deal that would preempt the impeachment inquiry, Mr Hyde said: "You never say never, but I don't know anybody on the committee, of the Republican side, who is contemplating anything remotely close to a deal."

Mr Hyde said he was not seeking to widen the scope of the inquiry beyond the Lewinsky affair, but he said that if Mr Starr submitted more information "we certainly would take it".

The assumption in Washington is that the judiciary committee will hold public hearings, perhaps beginning later next month.

Congress is due to go into recess on October 9 to prepare for the midterm elections on November 3, in which all House seats and 34 places in the Senate are up for election. The new Congress does not then formally meet until January, with the old Congress and its committees remaining available for recall in the interim.

Less than an hour before Mr Hyde's historic announcement, Mr Clinton launched a fresh attempt to paint his Republican opponents as partisan and out-of-touch with public opinion, saying that "the only way out" of the continuing crisis in Washington was to do "what's best for the American people".

Answering only a single question from the press after announcing record low poverty figures, Mr Clinton took the opportunity to try to position himself firmly above the increasingly partisan fray on Capitol Hill.

"The right thing to do is that we all put progress over partisanship, people over politics, put the American people first," Mr Clinton said. "The right thing for me to do is to do what I am doing. I'm working on leading my country, and I'm working on healing my family."

Without referring explicitly to the Republicans, Mr Clinton said it was "utterly foolish" for the country to become "diverted and distracted" from its policy challenges.

"The way out, and the only way out is for people in Washington to do what the folks in America want them to do, which is to take care of their concerns, their children and their future, and that's what I intend to do."



Congress might extend the inquiry to include Mr Clinton's 1996 campaign fundraising, a move which could drag Al Gore, the vice-president, into the process for the first time

"We're about one mighty task and that's vindicating the rule of law" — Henry Hyde, Republican chairman of the House of Representatives judiciary committee.

Fate in the hands of 12 angry allies

Martin Kettle in Washington

BILL CLINTON'S fate depends increasingly on Capitol Hill. As a result, the future of his presidency may eventually rest on a dramatic political numbers game. It may all come down to the answer to one key question: Where are the 12 angry Democrats who might be prepared to risk their position in their own party and to vote for Mr Clinton's removal?

If the Clinton crisis goes the full distance, the final say will rest with the 100 members of the Senate. The constitution requires the Senate to hear the impeachment proceedings against a president when they have been drawn up in the lower House of Representatives, a process that has not started yet. A two-thirds majority in the Senate is needed for impeachment.

The current Senate has 55 Republicans and 45 Democrats, so Mr Clinton's accusers must gather all the Republican votes and in addition persuade 12 Democratic senators to give them the 67 votes they need to remove him.

Former President Jimmy Carter is one of many who believes this will not happen. Speaking in Atlanta this week, he predicted that the Republican majority in the House would vote for impeachment, but that the charges would fail in the Senate.

If there are 12 Democrats angry enough to vote against Mr Clinton on the basis of the Starr Report, then they have not yet declared themselves. Indeed, not a single Democratic senator has called for either impeachment or resignation.

So who might vote against Mr Clinton? The 12 votes the Republicans need could come from any of four sometimes overlapping groups in the Democratic ranks: moral conservatives, women, Southern Democrats, and the left.

Mr Clinton has critics and enemies in all these groups, but he is on stronger ground in the Senate than in the House, according to a recent survey by the Congressional Quarterly magazine.

Assessing anti-Clinton voting on key measures in 1997, it discovered that the House's most "anti-Clinton" Democrat last year was Congressman Ralph Hall of Texas, who voted against Mr Clinton

73 per cent of the time. The most anti-Clinton Democrat in the Senate, Fritz Hollings of South Carolina, 76, voted against the president 25 per cent of the time.

He told a reporter this month: "We're fed up. The behaviour, the dishonesty of the president, is unacceptable." But Mr Hollings may not be there to cast a vote either against Mr Clinton or for him. He is one of the 16 Democrats seeking re-election in November, and he could lose his seat.

The next most "anti-Clinton" senator, based on 1997 voting records, would be John Breaux of Louisiana.

But, like Senator Joseph Lieberman of Connecticut, who launched an attack on

"We're fed up. The dishonesty of the president is unacceptable"

the president for the Lewinsky affair, Mr Breaux is a Clinton "new" Democrat.

Another senator facing re-election who might vote against Mr Clinton is North Dakota's Byron Dorgan, a highly intelligent and traditional big government, pro-farmer Democrat who opposed the president on the NAFTA free trade agreement and has consistently taken an independent stance on many issues.

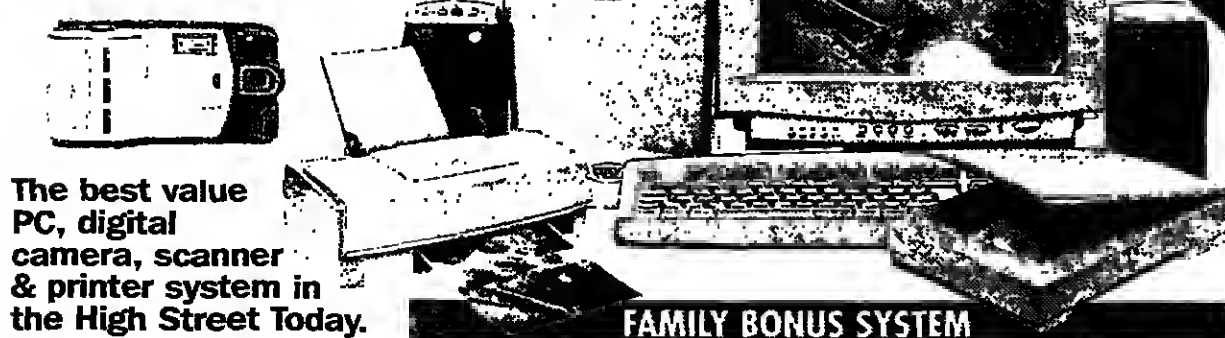
Another critic on the left is Senator Paul Wellstone of Minnesota, who was one of the earliest senate Democrats to criticise Mr Clinton for the Lewinsky scandal. Yet in neither case is it easy to imagine this scepticism translating into a vote to impeach.

A senator about whom the White House worries more is Daniel Patrick Moynihan of New York. This philosopher-politician was one of the few in his party to support the original appointment of a special counsel to investigate the Whitewater allegations.

Several women senators have criticised Mr Clinton, among them Barbara Boxer of California, Carol Moseley-Braun of Illinois and Patty Murray of Washington.

One can certainly find 12 angry Democrats to watch. But none seems angry enough yet to vote to remove Bill Clinton from the White House.

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DUDLEY OPENS SATURDAY

Videotape boosts poll rating

THE release of Bill Clinton's videotaped testimony in the Monica Lewinsky case bolstered his public standing when his job-approval rating was sliding, a poll released on Wednesday shows.

Republican leaders in Congress may have lost ground with the public since they released the

tape, the poll by the Pew Research Centre for the People and the Press indicates. Some Republicans thought its release would further damage Mr Clinton's standing.

His job-approval rating fell to 55 per cent at the weekend but was back to 62 per cent after the video was shown. — AP.

News in brief

Attempt on Hun Sen's life

A booby-trap made from rocket-propelled grenades exploded close to a convoy in which the Cambodian leader, Hun Sen, was travelling in the evening in ceremony of new MPs at the country's historic Angkor Wat temple.

He was unhurt, but a 12-year-old boy was killed and three of his family badly injured. — AP.

Hurricane arrives

Hurricane Georges bore down on the Florida Keys yesterday, as more than a 500,000 people from as far north as Fort Lauderdale were advised to evacuate mobile homes and low-lying areas. — AP.

PM back in hotseat

Norway's prime minister, Kjell Magne Bondevik, returned to work yesterday, after spending more than three weeks on sick leave to recover from depression. He returns to some tough challenges, including building support for his minority coalition's budget proposals. — AP.

Grave unearthed

Archaeologists in Peru have unearthed the grave of a leading general of the Lord of Sipan, a Moche king whose 1,700-year-old burial site forms the richest set of Indian graves in the Western hemisphere. Among the treasures found are 90 ceramic jars for food and drink, a shield, and copper armour and weapons. — AP.

Alaskan windfall

Every person in Alaska is to receive a cheque for \$1,540.88 this year, their share of the record dividend that a booming stock market is paying out on a savings account set up in 1976 with the money taken from the oil companies' profits. — AP.

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Kohl spurns idea of pact with the left



Germany decides

Ian Traynor in Bonn

CHANCELLOR Helmut Kohl said last night that he would not take part in a centrist "grand coalition" of Christian Democrats (CDU) and Social Democrats (SPD) after Sunday's general election, despite strong evidence in the opinion polls that this is German voters' preferred option and that the ballot result could make it inevitable.

The day after suggesting for the first time that such a coalition was "possible in principle" — remarks seen in Bonn as the chancellor preparing for the inevitable — Mr Kohl said on German television that he wanted no part of such a deal.

Declaring that the election should produce a "strong government and a strong opposition", he said: "That is the normal play of the forces. A grand coalition would be bad for Bonn because nothing would come out of it."

Mr Kohl has consistently derided talk of a deal between the two big parties, insisting in his campaign that Sunday's poll presents Germans with a clear choice of direc-

tion — between his centre-right coalition of Christian Democrats (CDU) and Liberals and a leftwing government of Social Democrats (SPD) and Greens enjoying the tacit support of east German former communists.

His challenger, Gerhard Schröder, on the other hand, has repeatedly spoken of his readiness to lead a grand coalition if that is dictated by the arithmetic of the new parliament. In his eagerness to tap the "new centre" and avoid alienating the Kohl supporters he hopes to win over to his side, Mr Schröder speaks little of a "red-green" government.

Although Mr Kohl, running for a record fifth term, and Mr Schröder, seeking to end the Social Democrats' 16 years in opposition, are the two candidates for chancellor, the closeness of the race and the nature of the voting system mean that the chancellorship could fall to a third man — Wolfgang Schäuble, Mr Kohl's deputy.

Unlike Mr Kohl, Mr Schäuble has deliberately talked up his willingness to take part in a grand coalition.

If the SPD emerges as the biggest party on Sunday night, Mr Schröder will be chancellor. But if his majority with the Greens is too slim, he will negotiate with the CDU on a coalition that could make the CDU defence minister, Volker Rübe, vice-chancellor and foreign minister.

If the CDU emerges as the stronger party but is forced to bargain with the Social Democrats, Mr Kohl would in all likelihood stand down, handing the chancellorship to Mr Schäuble.

Mr Schröder may then opt to stay in his current post as premier of the state of Lower Saxony, allowing the SPD

chairman, Oskar Lafontaine, to become vice-chancellor.

This game of political musical chairs and speculation over who will get what after Sunday has the Bonn political class engrossed.

The antecedents for a successful grand coalition are not promising. There has only been one in the post-war republic, for three years after 1966, when the SPD's Willy Brandt exploited it to become chancellor in 1969.

The 1966-69 deal ushered in 13 years of Social Democratic government, the party's sole period in power in Bonn since the war. It helps to explain why Mr Kohl is so opposed to a grand coalition.

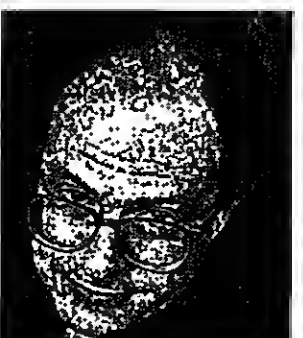
Senior SPD figures say a grand coalition will only make sense if both parties can agree quickly on a limited, if ambitious, reform programme.



The Greens' Jürgen Trittin, campaigning in Hanover, makes a joke of Helmut Kohl's name, which translates as cabbage. PHOTOGRAPH: CHRISTIAN CHARPISUS

Don't act like that here in Malaysia...

John Sweeney in Kuala Lumpur reports on his chilling discussion with a very irate and over-armed inspector-general of police



WITH an Arthur Daley-style moustache, a raven-blue uniform, his shoulders crested with crowns, stars, oak-leaves and crossed scimitars, the Inspector-General of the Malaysian police force looked more charming than a South American generalissimo. Not very much more.

"You shut up," was the striking response by Gen Abdul Rahim Noor to the mildest of questions at a press conference in Kuala Lumpur yesterday, proving that his conversation was equally seductive.

The inspector-general had been defending his officers' arrest of Anwar Ibrahim, Malaysia's deputy prime minister until the start of this month, on allegations of sodomy.

Since then Mr Anwar has vanished from the face of the earth.

Last Sunday he told 25,000 people in the capital's Merdeka Square that the country was in need of change from 17 years of rule by the autocratic prime minister, Mahathir Mohamad.

That night a squad of Malaysia's finest, dressed in ninja turtle balaclavas, crashed into a press conference and spirited away Mr Anwar, who has not been seen or heard of since.

He is being held under the country's notorious Internal Security Act, which allows an accused person to be held for 60 days incommunicado.

General Rahim told a bemused press conference yesterday that Mr Anwar was "safe and sound" and "would be given a fair trial, very

much like the British system."

It was hard to imagine Tony Blair, on the eve of a sticky Labour Party conference, having John Prescott arrested on charges of burglary and then the bulky form of our deputy prime minister vanishing, and I said as much.

"I think you can come to my room," snapped Gen Rahim, his moustache bristling like a millipede with attitude. He then gestured to a fellow raven-clad officer: "Please arrange him to come to my room."

His "room" didn't sound much fun.

Gen Rahim went on to say that Malaysia was a democracy and that the rule of law obtained.

Others beg to differ. The United Nations Special Rapporteur on the Independence of the Judiciary in Malaysia, Param Cumaraswamy, has been sued for libel for suggesting that the judiciary is less than perfect, a legal action that has led to a protest from UN secretary-general, Kofi Annan.

I wanted to question Gen Rahim about that, but he had other ideas.

"You shut up! You come from where?" he asked.

"The Observer."

"Enough from you!"

"You don't seem to understand the rules of a press conference," Gen Rahim replied, entirely truthfully.

At this point a spotty herbert in a black leather jacket with a wire extending from the collar to an earpiece



The inspector-general of police explains to the correspondent how to behave at a press conference. PHOTOGRAPH: ED WRAY

started tugging on my arm. "Why did the UN secretary-general...?"

"I can be tough, you know," said Gen Rahim.

Spotty Herbert tugged and tugged.

"...this is intimidation," I said, but then obeyed his command and fell silent. In Malaysia's pseudo-democracy, they have ways of making you shut up.

The international press goes where the action is. And that's one reason the Malaysian authorities don't want them here.

Dr Mahathir must believe the journalists and television crews here to cover the challenge to his rule are rooting for his overthrow.

"Do you want a repeat of Jakarta here?"

"Well, the foreign press would have a field day," Gen Rahim said.

King makers of Germany fight to survive poll

Ian Traynor in Bonn

AFTER almost 30 uninterrupted years of sharing in government, underwritten by only the flimsiest of democratic mandates, Germany's Free Democrats are struggling to maintain their parliamentary presence and claim on cabinet seats.

For much of the post-war period the pivotal third force and klogmaker of German politics, the liberal FDP is fighting for its political life in Sunday's general election. The opinion polls show it hovering around the 5 per cent needed to enter the lower house, the Bundestag.

The FDP has produced

parliaments and is in coalition government in two states.

Yet, despite their shrinking vote and minimal presence in state legislatures, the liberals have been the junior partner in Bonn coalitions since 1969, when they went into partnership with Willy Brandt's Social Democrats (SPD). In 1982 they crossed the floor, unseating Helmut Schmidt and making Helmut Kohl chancellor.

Most pundits expect the FDP to scrape in by the narrowest of margins on Sunday. If it fails, Mr Kohl's Christian Democrats (CDU) will lose their only obvious coalition partner and they will be left with only the SPD to do deals with.

The fate of the small parties is crucial, and the Greens, too, are eyeing the opinion polls in the hope that two or three of their leaders could climb into the cabinet for the first time.

Born out of the student movement of 1968 and the anti-nuclear movement of the 1970s and 1980s, the Greens have curbed their radicalism since entering parliament in 1983. In their de facto leader, Joschka Fischer, they have Germany's potential next foreign minister, one of the most effective performers in the Bundestag and a man described by Mr Kohl as "highly gifted".

They are virtually assured of clearing the 5 per cent hurdle, but they have been on a kamikaze course for recent months, opting for such unpopular policies as tripling the price of petrol, rationing holiday-makers' charter flights to the sun, and opposing German military engagement in peacekeeping abroad.

As a result, their poll ratings have slumped from 12 to 6 per cent. Depending on the count and the resulting parliamentary arithmetic, the Greens could become the junior partner of Gerhard Schröder's SPD in Germany's first centre-left coalition.

If the SPD is the strongest party but cannot muster a workable Red-Green majority, sources say, Mr Schröder will opt for a centrist grand coalition with the post-Kohl CDU.

The Greens have seats in all 11 west German state parliaments and are in coalition governments in four states.



Hans-Dietrich Genscher: 18 years as foreign minister

two of the most formidable and influential German politicians of recent decades in the shape of Hans-Dietrich Genscher, foreign minister for 18 years, and Otto von Lambsdorff, the ascerbic former economics minister, both of whom are retiring as MPs.

But it long ago surrendered its third force role to the Greens, and lurched to the right, narrowing its scope for forming coalitions with other parties.

The nearest Germany can offer to Thatcherism, the FDP preaches unbridled support for the free market. Staking out the neo-liberal ground on economic policy, it has neglected its traditional advocacy of civil liberties.

In the Bavarian state elections a fortnight ago it slumped to 1.7 per cent, losing a third of its vote, a result that augurs ill for its performance on Sunday.

In the five states that comprise former east Germany it has no presence at all. In west Germany it has seats in four of the 11 state

Halt to Israeli 'germ-war' site

David Sharrook in Jerusalem

THE Israeli high court has ordered the suspension of plans to expand a top-secret scientific institute long suspected of producing biological weapons.

The Israeli government has always declined to comment on allegations that the Biological Institute in Nes Ziona, a dormitory town of 25,000 people south of Tel Aviv, makes biological and chemical weapons.

The town's mayor, Yossi Shevo, said yesterday that the court had approved an agreement he had won from the government that the 14-acre expansion must await an independent environmental impact study.

But the office of the prime minister, Benjamin Netanyahu, said the project was only on hold until a state defence agency had reviewed the institute's own study.

In his petition to the court Mr Shevo wrote that the institute conducted research "in the area of biological

weapons" and manufactured "violent bacteria, which constitute a danger to the lives of the people living in the vicinity of the institute."

He said the claims were based on unattributed foreign reports.

In its written response to the court, the justice ministry described the foreign press reports as inaccurate but refused to say what the inaccuracies were. "For reasons of security,"

It said it was prepared to give details to the judges behind closed doors.

Yossi Meizman, a journalist writing on Israeli intelligence for the daily Hebrew newspaper Ha'aretz, said: "It is accepted in the international intelligence community that the institute in Nes Ziona manufactures biological weapons."

Fifteen years ago the institute's deputy director, Marcus Klingberg, was sentenced to 20 years in jail for passing state secrets to the Soviet Union. Last week, aged 80, he was released on health grounds but is under 24-hour surveillance.

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Nato talks tough to Serbia

Martin Walker in Brussels

NATO began gathering its warplanes again yesterday for another threatened strike against Serb forces in Kosovo, and issued a new warning of imminent military action backed by the legal mandate of this week's United Nations Security Council demand for a ceasefire.

"There is no more time for [military] exercises, we have got to get the ammunition ready," said the British Defence Secretary, George Robertson. But, once again, NATO's rhetoric and its proofs of military readiness were softened by a dispute on whether and when to use it.

The secretary-general, Javier Solana, said after the Actorn (activation warning) decision was taken yesterday: "Let me stress that the use of force will require further decisions by the North Atlantic Council."

Mr Solana, intent on berating the allies towards escalation, told them angrily of a senior Serb official boasting of their cat-and-mouse game

with Nato, deliberately fine-tuning their aggression with the joke "just one village a day keeps Nato away".

The German defence minister, Volker Rübe, who insisted that Nato's credibility was on the line, demanded an end-of-the-month deadline for Serbia to stop its attacks in Kosovo.

The impact of winter on the refugees meant Nato had no time to lose. "Belgrade is clearly conducting a war against its own people," he said.

The German foreign minister, Klaus Kinkel, said the UN resolution did not yet provide the direct legal basis for military action, "although it is very, very close".

The North Atlantic Council, Nato's political authority, approved the issuing of an activation warning for both a limited air action and a phased air campaign.

It authorises Nato commanders to identify targets including aircraft and ships, for strikes. The action could begin with a warning salvo of missiles and escalate to bombing waves by hundreds of planes.

Nato target-planners have



Kosovo guerrillas parade in Tirana yesterday at the funeral of Ahmet Krasniqi, defence minister of their self-styled government, killed by gunmen on Monday. PHOTOGRAPH: ARREN CEU

identified 180 anti-aircraft sites around Belgrade whose neutralisation would be a top priority to permit further attacks with impunity.

"There are a number of military options we can take that might not necessarily in the early stages mean the use of ground troops," Mr Robert-

son said. "Before this, frankly the use of force on its own without a political process might well have led to a Vietnam-type swamp."

"But now that both sides know they cannot win this particular conflict, the threat of force is much more meaningful to President Milo-

sevic, and either he negotiates or he faces pretty dire consequences."

Nato officials claimed that Wednesday's mandatory UN resolution and Nato's latest threat to intervene would end the three months of hesitation by the international community during which Serb

attacks have intensified and up to 300,000 civilians have fled their homes.

The allies are divided, however, on what would constitute sufficient legal grounds for intervening in Kosovo, which is a province of Serbia in the Yugoslav federation. The UN resolution does not

explicitly authorise force. Some allies say a further ruling by the Security Council would be required before Nato could legally act, but others, including Britain and the US, argue that the allies already have a right to intervene.

A new excuse for delay has

been offered by the six-day Balkan tour by the UN High Commissioner for Refugees, Sadako Ogata, which began yesterday with a meeting with President Milosevic.

Some Nato members want to wait her report on the refugees before considering further action.

Former bodyguard fuels rumours of safe haven in France for Russian president

Yeltsin ready for the worst

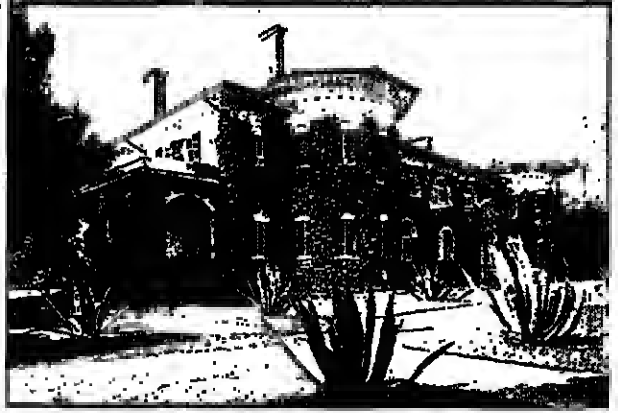
James Meek in Moscow

PRESIDENT Boris Yeltsin's disgraced former bodyguard Alexander Borzha, who added his voice yesterday to rumours that Russia's first family is preparing a safe haven abroad in the event of a sudden, early change in the presidency.

With the country's economic crisis worsening hourly, attention has been distracted from the past month's huge shifts in power, which leave Mr Yeltsin vulnerable and ignored. The central bank warned yesterday that inflation could reach 500 per cent by the end of the year.

The prime minister, Yevgeny Primakov, has baffled observers by setting three wildly different terms to work on contradictory economic programmes. But with prices soaring and the first snows of winter about to fall, it is easy to forget that few of the MPs who voted for Mr Primakov expected him to fix the economy. Many see his main task as a pathfinder for the lender to replace Mr Yeltsin.

General Korzhakov is



Chateau de la Garoupe. PHOTOGRAPH: COUNTRY LIFE PICTURE LIBRARY

aide, Tatiana Dyachenko, is said to have acquired a large house in the German resort of Garmisch-Partenkirchen.

Asked about the report, the presidential press service said it had no knowledge of such a purchase. But a reporter for the Moskovsky Komsolets newspaper who visited the house last month found a letter from a Munich firm of chandelier-makers sticking out of the letterbox, addressed to Ms Dyachenko.

In another curious episode, the president's grandson, also called Boris, unexpectedly broke off his studies at Moscow's prestigious MGIMO institute for future diplomats a few days after matriculating. The newspaper said he was returning to England, where he attended expensive private schools, to study.

At the moment Mr Yeltsin has no need and almost cer-

tainly no inclination to move abroad. But his family's preparations for an overseas life attest to a growing fear for their futures.

Since the latest economic crisis began last month, Mr Yeltsin has shied away from serious involvement in affairs of state.

His spokesman, Sergai Yastrzhembsky, was a major public figure who aggressively put out the message that Mr Yeltsin was alert and in charge. His replacement, Dmitri Yakushkin, is more

defensive. "The president should have a right to a private life," he said in a television interview on Wednesday. "We don't live in America, thank God." Mr Primakov said yesterday that Mr Yeltsin had not sanctioned the previous government's decision on August 17 to simultaneously devalue

"I don't want to frighten the West with words about default, but Western financial organisations must remain loyal"

Alexander Shokhin

the rouble and stage a partial default on foreign debts.

He meant it as an attack on his predecessor's handling of the crisis, but, perhaps deliberately, he also let slip how little Mr Yeltsin was capable of wielding power in those crucial days.

Yesterday was another day of contradictory pronouncements from a government whose members and ideas are coalescing with agonising slowness.

The three teams Mr Primakov has set up to produce an economic rescue package are supposed to synthesize their plans for a presentation on Tuesday. But all three, led by the Gorbachev-era central planner Yuri Maslyukov, the halfhearted economic liberal Alexander Shokhin, and Mr Primakov himself, appear to be labouring under the illusion that because the Interna-

tional Monetary Fund failed when it dictated terms to Russia, it will let Russia dictate terms to it.

Yesterday the central bank chief, Viktor Geraschenko, said that "greedy and intractable" foreign banks risked getting no compensation for the money they lost in Russia's default, but then acknowledged that Russia needed foreign loans.

Mr Shokhin adopted the same threatening-pleading tone. "I don't want to frighten the West with words about default on sovereign debt, but Western financial organisations must remain loyal."

The Russian government only makes sense if it is seen as ideologically driven but politically strong. It includes a broad range of industrial lobbyists and regional leaders.

Mr Primakov is expected to supervise Mr Yeltsin's eventual replacement by one of two authoritarian, interventionist and moderately nationalist leaders, each backed by a business clique and each courted support in the West.

They are the right-leaning governor of Krasnoyarsk, Alexander Lebed, and the left-leaning mayor of Moscow, Yuri Luzhkov.

Mr Lebed is only likely to gain power through the ballot box. But there is alternative route for Mr Luzhkov: as prime minister under the radically amended constitution being proposed by the Duma to reduce the presidency to a figurehead. Backing this constitution could be the government's most important role.

Martin Walker in Brussels

THE image of a cool and incorruptible Brussels bureaucracy has seldom taken so many simultaneous wounding blows as it has this week.

First there was the demand by the European parliament's budget control commission that the director-general of administration, Stefan Schmidt, be fired. It accused him of conducting internal inquiries that were so close to a whitewash his office had "lost all credibility".

Then the parliament made a related threat — to withhold approval for the discharge of the 1996 EU budget until the European Commission came clean on the scandal of €1.5 million in humanitarian aid destined for Rwanda and Burundi which appears to have gone missing.

Next, in a further scandal, €40 million has gone adrift from the MED programme, designed to build relations between the EU and its neighbours along the Mediterranean coastline.

An outraged report from the parliament says: "In 26 cases, the Commission's financial controllers have refused information or access to relevant documents or that they have not been able to locate the partners associated with these projects."

Then it was decided to cancel this year's Concorde summit, which is used to select 200 Europeans from the 61,000 ambitious young entrants.

The commission accepted the evidence of widespread cheating and advance leaking of the questions.

But all of this paled before the extraordinary performance of the official spokesman for the former French prime minister Edith Cresson, now the EU commissioner for research and education.

Jimmy Jamar tried to defend Ms Cresson from questions about her relations with

It emerged that Ms Cresson's dentist also acted as her private astrologer

a 70-year-old dentist from her home town who had been found lucrative contracts with the Commission.

"My God, you cannot expect me to go into matter of private life. Have we not learned enough from the embarrassments across the Atlantic?" Mr Jamar said, un- wisely drawing comparisons to the Clinton-Lewinsky affair.

The questions about the dentist, Rene Berthelot, originally had nothing to do with sex. They related to why he had been hired by the Commission to co-ordinate the EU's research into the Aids virus.

It has also emerged that he acted as Ms Cresson's private astrologer.

"This has absolutely nothing to do with the the Perry-lux affair," Mr Jamar then insisted, making matters worse. The Perry-lux affair lies at the heart of the scandals of the missing money for Rwanda and Burundi and the MED project.

Until he switched to the Aids research, Mr Berthelot had worked for Perry-lux, the Luxembourg arm of George Perry, a contractor whom the Commission has used for 25 years.

Mr Perry has other companies in the European Union, but their commission contracts have been suspended. Most of the parliament's anger is directed at the commission's lack of documentation and openness.

Claiming to be understaffed, the commission subcontracted most of its aid and development work to groups such as Oxfam and Médecins sans Frontières, or to agencies like Perry-lux.

The aggrieved Mr Perry, whose dossier the commission has forwarded to the fraud squad of the Luxembourg police, insists on his innocence and probity.

He says he was only doing what the commission wanted: getting around staffing rules by providing temporary staff to the commission whose salaries were then paid from the humanitarian budget.

This also involved, it is claimed, doing favours for influential Eurocrats, such as finding jobs and salaries for their children, wives, friends and lovers.

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Analysis Helmut Kohl



Feeding our fantasies
13

Herr Mittel Europa

Consistently underrated, not least by the Tories and their press allies, the German chancellor may yet pull it off in the weekend's elections and remain in office. Win or lose, his legacy to his country and to Europe is huge.
Ian Traynor and Martin Walker assess a political giant.

HE'S history man on the hustings. On the stump Helmut Kohl treats friends and foes alike to a rambling tour of the 16 years of his chancellorship, years during which the world turned. Der Elefant, the 19-stone colossus, fighting for his life with an energy to make younger men tremble, is one of the great victors of the cold war. And to listen to him at one of the hundreds of election rallies across Germany he has addressed in recent weeks, you could be deceived into believing it was still raging. He often impresses his audiences but are they in a mind to reward past performance rather than Gerhard Schröder's future promise?

Kohl's personal contribution to the history of his times is immense and the judgment he has emphasised, given his reputation, especially in Britain, where evaluations of Germany are still so tainted. Despite the achievements — leading the Christian Democrats, Germany's natural party of government, for 25 years or exactly half the post-war period, winning four federal elections in a row, becoming prime minister of the Rhineland Palatinate at the tender age of 33, pushing through German unification, integrating Europe and driving the single currency past the point of no return — Kohl has been consistently underrated, disparaged, and laughed at, both at home and abroad. Almost invariably, he has had the last laugh.

When he became Chancellor in October 1982, the guffaws were audible even inside his own conservative camp. Following the stern sophistication of the intellectual SPD Chancellor Helmut Schmidt, how could such a parochial, compulsive over-eater lead Germany? Franz-Josef Strauss, the charismatic, combative Bavarian leader, fancied he could outwit Kohl and usurp his position. He got his

comeuppance. Christian Democrat grandees and disgruntled backbenchers attempted to depose Kohl. They were slapped down ruthlessly and cunningly by a leader who appeared avuncular and disarming but who had become a master of political intrigue.

Mikhail Gorbachev and François Mitterrand, Margaret Thatcher and Jacques Delors all committed the cardinal mistake of underestimating the cunning and unshiftable strategic purposes of the man. He imposed his authority on Europe by brokering the deal to win Mrs Thatcher her famous "I want my money back" rebate. At £2 billion a year, most of it paid by Germany, Kohl finally judged the constant fuss not to be worth the bother and an acceptable price to secure Britain in Europe. Kohl played the role of the good German, staunch ally, the European power prepared to open its wallet to find a solution. But he put German interests first in the crisis of 1989-90, when he defied Mitterrand and Thatcher to ensure that the fall of the Berlin Wall would reunify his country. In that defining moment the Chancellor, the Great European, perhaps the Last European, rudely ignored the rest of Europe.

Just after the Wall fell, Mitterrand flew to East Berlin to assure the East Germans that France still wanted their state to exist and to Moscow to persuade Gorbachev that a united Germany would be too big and potent a neighbour. Mitterrand asked Mrs Thatcher to use her influence with Gorbachev. Margaret Thatcher was famously not a friend, viscerally suspicious of the Germans and not bothering to hide that she found the chancellor risible and insufferable. Equally appalled at the thought of a united Germany, she was on the phone to President Bush, in a vain attempt to win his veto of such a transformation of

Europe's balance of power. Too late, Kohl had already prepared the way. On a boat on the river Rhine in May 1989, nearly six months before Kohl had secured President Bush's support for "a Germany whole and free in a Europe whole and free". Later that summer, Kohl took Gorbachev for an evening stroll in the gardens of the Bonn Chancellery to look at the Rhine, and told the Soviet leader that German unification was flowing as unstoppable as the river. Kohl turned and waited for Gorbachev to protest. He did not.

Then in April after the Wall came down, he and Mitterrand sent a joint letter to the European Council saying it was time "to take further decisive steps towards European Union", the letter that became the basis for the Maastricht Treaty. Kohl understood Mitterrand's alarm at the new economic and political weight of a unified Germany and offered EMU, economic and monetary union, to submerge the dominant Deutschmark into a new single currency which France would co-manage. Mitterrand, who used the metaphor of the Lilliputians binding Gulliver, wanted to smash the new Germany in a vast web of Euro-institutions. A single currency and the political and foreign policy constraints of a European Union were Mitterrand's price for a unified Germany.

THUS Kohl was happy to pay. A boy during the war, he remembered the devastation of Germany in 1945 and liked to remind successive American presidents of his dependence on American food parcels. For Kohl the integration of Europe was "a question of war or peace in the 21st century". This was not simply a matter of reassuring Germany's smaller and weaker neighbours in the European

Union. "Germany has an elementary national interest in all of her neighbours becoming members of the union," his speech went on, recognising the unified Germany had new neighbours to the east, Poland and what was then still Czechoslovakia, which might also join the EU and the Nato alliance. It's his strategic handling of the aftermath of German unification that fully establishes Kohl's place in history. Re-shaped Europe, its centre of gravity shifting from Western Europe to Mittel Europa, is very much his vision.

But now he faces a domestic electoral test. Credit where credit's due, say the people, whether they are going to vote for Kohl's Christian Democrats or not. His place in the history books is assured. But all this talk about Europe and history and the world, they ask? Shouldn't he be concentrating a bit more on Ger-

many's domestic problems? Isn't that why we elect chancellors? The price to be paid for Kohl's achievements is still being reckoned. The cost of absorbing East Germany at \$100 billion a year throughout this decade, has not just drained the budget and locked Germany into a high tax system. It has also foreclosed the traditional German strategy of solving Europe's problems with Deutschmarks. A straitened Germany can no longer afford to be the solution of last resort, and so the good German is now demanding a Thatcher style rebate of his own from Brussels.

So it is less the power of the unified Germany than the costs of paying for it that have made Kohl into the leader of a Germany that can say No — as he exercised his veto against more majority voting rules for the European Union during the Amsterdam Treaty negotiations. The new budgetary

realities and the high taxes that drain German enterprise, along with Kohl's refusal to copy Mrs Thatcher's assault on the trade unions, have left Germany with another legacy: double digit unemployment.

EUROPE has paid Kohl's price, too. The recession of the early 1990s was worsened, if not caused, by the high German interest rates required to finance East Germany's first flurry into assertive diplomacy, insisting that Europe recognise the independence of Croatia and Slovenia. This was the decision that formally broke up Yugoslavia. American sources now grumble that Germany is at it again in Kosovo, with the new head of the federal intelligence service Hans Jorg Gieger secretly sup-

plying the Kosovo Liberation Army Germany's assertive policies in the Balkans, which have helped break the old taboo against German troops being deployed abroad, point to the nagging concern about Kohl's new Germany after Kohl leaves the scene. The good German has built the most powerful state in a transformed European continent that he has shaped. In the hands of a bad German, or a figure less sensitive to French concerns and less assiduous in mollifying the Americans and less affected by the memories of 1945, Kohl's Germany could become something alarming.

The triumph of unification also laid the seeds of his greatest failure. During the boom which followed unification he was allowed to avoid and then delay the structural changes in Germany needed to equip the country to face the years ahead confidently rather than fearfully. Instead, he focused almost

exclusively on Maastricht Europe and the single currency. By dint of sheer willpower and commitment, he has pushed events to the point where the euro will be launched on January 1 under a German EU presidency whether he is still Chancellor or not. There, for the economic and political historians of Europe in the first two decades of the twenty-first century to appraise, is Kohl's achievement.

Sources: (1) Margaret Thatcher, *Downing Street Years*, 1993; (2) Martin Walker, *The Cold War: A History*, 1993; (3) *Der Spiegel*, February 27, 1998; (4) Speech to the Catholic University of Louvain, Frankfurt Allgemeine Zeitung, February 3 1996; (5) Bernard Connolly, *The Rotten Heart of Europe: The Dirty War for Europe's Money*, 1996; (6) *Illustration* Nicola Jennings. Ian Traynor is the Guardian's Bonn correspondent and Martin Walker is Europe Editor.



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Comment

LAPHROAIG



Diary

Matthew Norman

HEROIC bureaucrats fight a desperate battle to save the BBC from a demented one-man mission of destruction being waged by John Humphrys. When on yesterday's Today programme, Mr Humphrys invited inventor Dave Melton to demonstrate his automatic fire extinguisher, the latter held a cigarette lighter to the device. Not the large tube installed in many buildings, but a tiny demo model. It duly fired gas at the flame, and a little crack (imagine a beer can opening) was heard. All seemed well until the programme ended, when Mr Humphrys was met at the studio door by two panic-stricken BBC officials, who reeked him for encouraging the "explosion" without having first filled in the correct forms. Mr Humphrys seemed to be enjoying the joke, newsroom staff relate, until the moment he realised they were serious. Then voices were raised. Today editor Rod Liddle suggested John give a urine sample. The presenter agreed, so long as he could pour it over their heads. At this the officials withdrew, but later in the day, with furious memos flying concerning the failure to take the proper course of action (immediate evacuation), staff were dispatched across London to find Mr Melton and discover whether lives were at risk. At time of writing, there is no firm news. On my way out with all BBC news staff.

MEANWHILE, the Vi-tesse kettle from the langaugal sponsor Tefal has been installed and is working well. A device to solve the problem of the absurdly short electrical lead, my colleague Simon Bowers has asked our electricians for an extension lead. This may happen, apparently, but not yet: they must carry out a health and safety inspection for "the proposed kettle site". Simon is told, before handing over the extension.

TODAY'S sponsor, as you will have noted from the logo above, is the whisky distiller Laphroaig. Six bottles of its 10-year-old Single Malt Scotch Whisky have arrived, and without opening any of them, I can state that this is a malt to which whisky drinkers eventually graduate. Laphroaig's rugged environment, abundance of natural resources and temperate climate play an integral role in the creation of this brand. Laphroaig... the distinctive malt for the discerning palate. Go on, treat yourself to a bottle today!

THE renaissance of New Labour's democratic instincts here yesterday with news that the conference ban on Red Pepper has been rescinded, proves short-lived. Now Socialist Worker, which has always attended before, has been banned. "We don't let our political enemies," a Labour spokesman tells the paper. Very courageous. Very Third Way.

IN late news from the BBC, the red alert is over. Officials have trucked down Mr Melton at an inventors' exhibition at the Barbican, and learnt that the lethal gas is CEA 410, an inhalant used in asthma sprays. The amount sprayed into the studio, we gather, was 0.8 grams. Another 69,999.2 grams of CEA 410, and it might have been serious. Thank God. Shaves come little closer than that.

IN more late news, the kettle has been confiscated. An electrician has just turned up to remove it, on the grounds that it must receive a PAT — "portable appliance test" — before use. (What they don't know is that Tefal sent two kettles: the other one, in white with lilac handles, is now in a place of safety, and will not be yielded to anyone without a struggle.) You see, John Humphrys, you don't have to work at the BBC to have a little harmless fun.



Knowing me, knowing you, knowing Nicole Kidman in the nude. It's fame

Decca Aitkenhead



IHAD been under the impression that film stars built Hollywood for the theatre in order to prove that they can act. It is a high-risk strategy to prove they can pass off a made-up person without the assistance of soft-focus, studio publicity and limousine. Like John Major with his soap box, a movie actress takes to the stage hoping her raw talent will emerge as unarguable. Anyway, I'd thought that was the whole point, but apparently not. "It's theatrical Viagra," was the Daily Telegraph's verdict on The Blue Room, which opened in London on Tuesday. "I had eyes only for Nicole Kidman," pants the critic. "Eyes on stalks, in fact. She's drop dead gorgeous, hewittingly adorable, and unfortunately she doesn't get her kit off clearly as often as her co-star." The husband of Ms Kidman with her hand in her knickers, we learn, "will haunt my fantasies for months".

The man from the Express tells us he thought he had gone to paradise for a couple of hours. Ms Kidman is "eye-suckingly, jaw-droppingly, head-swimmily gorgeous". As an afterthought, he remembers to ask, "But can the woman act?" He feels she can. "First things first," writes the Mail. Ms Kidman "is stunning". The London Evening Standard pants: "We knew she wasn't fat, we knew she'd look pretty good, but this!" I am sorry to have to report that this last writer is a woman. She spent much of the performance craning to see if the actress had any cellulite. "None," she swoons, delirious.

If Nicole Kidman imagined her part in a small London

stage play might lead her to be judged as an actress instead of a sex symbol, the plan has some what. "backfire". What preoccupied the critic was not that the star could act in real life, but that she could look as fetching in the flesh as she does in the movies — evidently a more important achievement. Here is at odd situation, one where a glam-girl celebrity has been hyped into a meta-celebrity glamour girl by the very critics who like to pride themselves on their indifference to such things. And the public cannot even go and see Ms Kidman's lovely body, for themselves, as the play sold out months ago.

So the reviews are not much use to anybody, except insofar as the critics feel they have found something out for us. They have delved beneath the facade of fame to emerge with the startling revelation that a well-known sex symbol really is very sexy. All the reviewers took care to point out that they realise celebrity can be a powerful thing — we old boys know a thing or two about celebs, my dear, and seem to suppose that by demonstrating an awareness of this fact, they obviously cannot be susceptible to it.

This kind of self-delusion about celebrity is remarkably common at present. It is increasingly said that glamour has become a devalued currency, now that we've all read about Max Clifford, been adept at dismantling PR exercises, and understood the commercial commodity of publicity.

The stars' spin doctors and media manipulations have been exposed, and so we see their clients for what they really are — no more or less extraordinary than you or me. We may find their hype

diverting, but we judge them on their merits.

Jay McInerney was the latest commentator to make this claim, when his new novel was published last month. He said we'd come a long way since the 80s, when he became famous for writing about the celebrity party scene in New York. He is writing about that world again in the new novel, but he thinks we're reading it differently. Celebrity worship is basically harmless now, he said, because it's so knowing.

This is the argument that cites columns in Sunday supplements which ask of celebrities, "What Are They Famous For?", as evidence of our sophisticated immunity to hype. What this allegedly reverent approach actually does is at best expose a half-truth — yes, Tara Palmer-Tompkinson is just a rich socialite, yes, models are not really so much in demand, whilst actually magnifying the importance, and thus power, of its "targets". In supposedly exposing the doubtful merit of celebrities' fame, all we really do is feed our own fascination, while pretending to ourselves that we have got the better of them.

SO theatre critics can flatter themselves that, unlike poor film buffs, they have seen the "real" Nicole Kidman — but this releases them from the requirement to examine her worth as an actress, and grants a licence to treat her like a sex symbol in a tongue-out, drooling manner. No film critic would dare do that. Those critics at The Blue Room presumably consider themselves more sophisticated than the

Blame the women

Jonathan Freedland



IT seems a long time ago now that Hillary Clinton warned of a "vast right-wing conspiracy" out to destroy her husband. We've all learned so much more since then, most of it in toe-curling detail. Still, the First Lady's notion of a right-wing persecution seems to have held up remarkably well. Kenneth Starr has indeed emerged as a latter-day puritan, his acolytes — their voices heard off-camera, prodding and probing without respite — practitioners of an eerie new sexual McCarthyism: "Are you now or have you ever been in contact with the genitalia of another person?"

Faced with this enemy, the liberal-left has (after some initial panic and confusion) realised whose side it's on. The global glitterati and intelligentsia — from Carlos Fuentes to Gerard Depardieu, Peter Gabriel to Desmond Tutu — lined up for Bill Clinton, condemning Starr as a "fanatical prosecutor" in a letter to Wednesday's Le Monde. Fifteen leading US women's groups did the same in Washington yesterday. Maybe the president did lie under oath about his relationship with Monica Lewinsky, his liberal defenders whisper. And, of course, that was wrong. But — and here's the new mantra — he should never have been asked these questions in the first place.

The trouble is, it was not a right-wing, Republican, family-values crusade which enabled Kenneth Starr to ask Bill Clinton about zips, cigars and tongues in unseemly places. It was not the right which broke down the wall between public and private, releasing new waves of intrusive interrogation. No, if women's groups and the liberal-left loathe the Salem-style witch-hunt mounted against the president, they need to look not across enemy lines — but at themselves. For it was the left, and feminism in particular, which made the Starr inquiry possible — and none other than Bill Clinton himself who helped it on its way.

LET'S not forget that this all began with a claim of sexual harassment, brought by Paula Jones. She said then Governor Clinton, technically her boss, exposed himself to her in an Arkansas hotel room. To prove her case, she would show a pattern of behaviour by which Clinton rewarded those employees who had sex with him and shunned those who did not. Her right to prove just such a pattern — by interviewing previous or later objects of the president's attentions — was

not a right-wing, Kenneth Starr invention. It was a right fought for and won by America's feminists, who insisted that abuse harassment was so hard to prove — often collapsing into "he said, she said" — the corroborating evidence of other women was essential.

As the New Yorker magazine details this week, the campaign to admit evidence of previous sexual offences only bore fruit in 1994 when a Democratic president sympathised with their cause and amended the law accordingly. His name: William Jefferson Clinton. In that one action, writes the New Yorker, Clinton "may, also, unwittingly have taken a giant step toward destroying his presidency".

The ironies don't end there. Those squirming now should cast their minds back five years, to the sorry tale of Bob Packwood. A Republican senator, he too was accused of sexual harassment and was eventually drummed out of Washington. In the determination to establish a pattern of sexual misconduct, the Senate subpoenaed Packwood's private diaries. Not quite as racy as the Starr report, they nevertheless made excruciating reading — right down to their lip-smacking recollections of French kisses in the Senate lifts. Yet few liberals lamented the demise of privacy or the rise of sexual McCarthyism then. Bill Clinton himself uttered not a word of protest.

Packwood insisted that some of the women he chased were willing, consensual partners. Impossible, said the Clinton-feminist alliance. Following the teaching of Catherine MacKinnon, the pioneer of sexual harassment law, Packwood's enemies argued that there could be no meaningful consent between men and women of such unequal power, like a senator and his secretary. Yet now that it's a president and an in-

If women loath the Clinton witch-hunt they need to look at themselves

tern, that argument has suddenly melted away.

None of this is to pretend that Kenneth Starr is some kind of feminist, sincerely fighting the good fight against sexual harassment. He's clearly a Republican right-winger bent on drying Clinton's blood: he's merely using a feminist blade to sharpen his teeth. But feminism and the left have to make up their minds. Thanks to their struggle, lecherous bosses are asked invasive, embarrassing questions in court every day of the week. Bill Clinton was no different, just more famous. Which leaves us with a question. Either we preserve sexual harassment as a serious offence — whose prosecution can be painful — or we turn the clock back and ensure an end to the sexual McCarthyism we now condemn. But we can't do what those US women's groups did yesterday — and have it both ways.

He's clobbering the World Service again by playing politics. 'Expertise counts for nothing in the BBC today,' says one senior player

Birt's blunder

John Tusa

THIS week's departure of Sam Younger from the managing directorship of the BBC World Service is a further blow to that once great institution's fortunes. Its medium-term outlook under the Birt-Bland regime is increasingly bleak and should raise serious questions for the government, the Foreign and Commonwealth Office and ultimately even the Prime Minister himself.

Did he jump or was he pushed? Certainly, few doubt that he was summarily pushed. Look at the way he went: one day he was there, the next he was out of the building, at home spending more time with his family. A BBC news report speaking of Younger's "resignation" was hastily corrected to the party line statement that he had "left". When his deputy, the able Caroline Thompson, was

left to tell bewildered staff that there was a new "chief executive, BBC World Service", the universal response was "But we thought we had Sam Younger?" (Thompson has every right to feel aggrieved. Why was she not boarded for the job by the BBC governors?) Things got worse when the new chief executive, Mark Byford, head of BBC regions, arrived hurriedly to calm shattered nerves. It was not a great success. When asked by a BBC journalist what his policy was on the World Service's more than 40 language services his reply was "What language services?" when told about them, the actual core of the World Service's impact and its audience, he admitted that he "had a lot to learn". No wonder that Bush House's current mood was described as "purely paranoid" by one insider. The fact is that the BBC has appointed to the most senior post in the nation's voice to the world a domestic

broadcasting manager who was no knowledge or experience of the World Service, no understanding of its complexities, no sense of what constitutes its appeal, and no experience in international journalism or broadcasting, either at home or abroad.

BYFORD'S arrival, from the BBC's domestic regions and local radio can be no accident. When the World Service announced its determination to "brush up its image", in response to the inevitable focus-group consultations, its head of marketing said it was the intention to make the BBC World Service "more like local radio". Byford's arrival from BBC regional broadcasting can only hasten this trend.

Supposing the Government appointed as foreign secretary a politician whose only experience had been in domestic regional policy in the Department of Trade, what would the

reaction be? Come to that, what is the FCO's response now? For years I and my predecessors as managing directors have been hounded by the FCO over editorial independence and getting the right level of funding. Surely the FCO should be making representations to the BBC at the way that supposed domestic needs — getting a suitable successor to Birt — completely override World Service needs.

But then the Foreign Office stood idly by when the Birt restructuring 2 years ago removed independent programmes making from Bush House and turned it into an anechoic chamber of the domestic services.

But they should be under no illusions as to the steady downgrading of the World Service's independence and effectiveness the Younger dismissal and the Byford appointment represent. "Expertise counts for nothing in the BBC today," observed one

senior World Service figure. In BBC eyes, the World Service — regularly described by previous chairmen and board of governors as the "jewel in the BBC's crown" is now no better than an administrative footstool to be sat on by whomever needs to play the senior mana-

gerial game of DG's musical chairs. There remains the case of Sam Younger. I like him and promoted him when I was managing director. When the Birt restructuring occurred on which neither Sam Younger nor his then superior Bob Phillips (currently chief ex-

ecutive, Guardian Media Group), were consulted — Younger had a choice. Nothing in his past at Bush House suggested that he could have viewed the restructuring as a ripping independent programme making out of Bush House — with anything but the deepest dismay. He could have had a "good" resignation in protest. It would have massively helped the huge public outcry against the changes and might have made the FCO think twice about standing on the sidelines.

Instead he stayed, temporised, toed the party line in public and delayed in private. In the process, he persuaded neither his staff nor convinced the Birtites. They took their time and struck when they had had enough of him. Sad for Sam Younger, but sadder for the World Service.

John Tusa was managing director, BBC World Service, 1988-1992



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Stopping Milosevic

Send in UN peacekeepers

WESTERN policy on Kosovo is ratcheting up the adrenalin for the first time since the summer. In two days Western governments have pushed a tough-sounding resolution through the United Nations Security Council and, wearing their NATO tinhats, have authorised their defence ministers to earmark specific units for military action. In the words of Britain's George Robertson, "there is no more time for exercises. We have got to get the ammunition ready". It sounds impressive, and certainly the need for action has never been more urgent. The first snow has already fallen on the hillsides of the Serb-run province where some 50,000 ethnic Albanian refugees are estimated to be sleeping in the open. Serb artillery continues to pound defenceless villages, sending more people running. In many cases houses are then burnt down so that people have nothing to go back to even when the firing stops.

Yet, in spite of the revival of tough Western talk, there is good reason for scepticism about whether it is enough. The Yugoslav president, Slobodan Milosevic, has a long history of testing Western resolve right up to the brink, as well as exploiting the inevitable nuances between different Western governments to sow confusion and buy time. Nevertheless, the United Nations resolution takes an important step forward. It comes under Chapter Seven of the charter which makes compliance mandatory. But compliance with what? The resolution's call

for a ceasefire is clear, yet most of what has been happening over the last six weeks has not been combat. This is not a war of equally matched sides, or even of a well-armed army against lightly-armed guerrillas. It has been a one-sided slash-and-burn sweep through villages, which occasionally meets minor resistance. Only once does the UN resolution mention "the deliberate destruction of property" — in a section saying those responsible should be brought to justice. This brief reference does not take on board the dimension of the problem, and the fact that 300,000 people are homeless as a result of intentional state-sponsored policy.

If Milosevic calls a halt to the shooting side of the operation, will he stop the rest of it? The resolution demands an end "to all action by security forces affecting civilians". Does that include the burning of empty homes? Milosevic is supposed to "order the withdrawal of security units used for civilian repression". What repression? Belgrade denies any. Withdraw to where? Out of Kosovo, or to barracks, or just out of the villages they have been attacking? If the resolution had specified the need to remove all road-blocks and a withdrawal of all police and troops to barracks, it would have made more sense. The Serbian authorities are also required "to take immediate steps to avert an impending humanitarian catastrophe". They already claim to be doing that by providing construction materials and food aid. Here again, the resolution should have gone beyond its call for unimpeded access for international aid agencies. It should have insisted that the international community, and not the Serb militia or the Yugoslav army, provide security. Albanian refugees are rightly fearful of moving back to their towns and villages, let alone to the feeding centres which the Yugoslav authorities have promised to set up, under the very

guns which made them homeless in the first place.

If a ceasefire is declared in line with the new resolution, then the United Nations should move promptly to authorise the despatch of international peacekeepers as soon as possible. This would be far more effective and relevant than all Nato's hints of cruise-missile strikes. These may have to come eventually, but the priority is action on the ground, not in the air.

Paddy's problem

Warning Blair is an empty threat

FOR a political leader who openly signalled, at his 10th anniversary party in July, his wish to lead the Liberal Democrats into a coalition government with Labour after the next election, Paddy Ashdown yesterday spent an awful amount of time attacking Labour. There are, of course, a large number of fronts on which Labour can be criticised and the Lib-Dem leader was drawing his party's annual five-day conference to a rousing conclusion, but there is something demeaning about the degree to which the third party thirsts to find fault in its putative partner. The Lib-Dems are always bragging about their readiness to be open and pluralist. Their big rallies are all too often marred by the whiff of hypocrisy.

The Tories have been all but ignored at this week's conference. Ashdown was right to speak of their current irrelevance, but the party would be foolish to believe, as Charles Kennedy naively suggested last year, that the Lib-Dems could replace them as the second main party in Britain. The Tories are not a busted flush. Even in their present low state, the Tories have well over three times as many MPs as Paddy's party. The

Lib Dems' future relevance rests on three factors: the constitutional commission's proposals, due next month, on a more proportional electoral system; the enthusiasm with which Tony Blair is ready to endorse them; and the backing of the public.

Like earlier speakers, Ashdown warned Blair that unless Labour delivered a more proportional voting system, their co-operation pact would be broken. But it is an empty threat. Firstly Labour, which has a majority almost four times as large as the total number of Lib Dem MPs, does not need them. Second, the idea that Lib-Dems would vote down important social reforms through pique is silly. Although no one told the delegates that there was no chance of their favourite alternative voting system being adopted in its pure form, below the surface the party has come to terms with this. Ashdown deserves a free hand in this negotiation. On a second front, he must be more worried: the danger of his party becoming a rainbow coalition backing every cause. This would make it more difficult to "dock" with Labour. There is a further problem: the absence of an official Labour campaign on electoral reform. Nothing would do more to promote its popularity than its introduction at local authority level. This would help Labour, too, by cleansing its fiefdoms where corruption still thrives.

Clock change

But watch, time is destiny

FROM Cape Wrath on Scotland's northern tip to the Lizard in Cornwall it's about 600 miles. Even though the sun is 93 million miles away that's enough arc to make a difference to the length of the solar day and

it's especially noticeable in winter. In New Zealand, say, where it's 700 plus miles between the tip of North Island and Invercargill, or within the American Eastern Standard Time Zone, stretching from Florida to Baffin Bay, people live with the difference. But in Britain over the years there has been a growing rumble of discontent about the fact the clock says the same thing in Wick and in Paignton when children are travelling to and from school. And, yes, there is a strong case for abolishing the bi-annual clock-changing ritual within at least part of the British Isles.

Now here comes Jeffrey Archer, a political opportunist who has spied an opening. Part of his self-appointed role as Lord London is to speak for the South and he is couching a plea for more daylight hours in winter in England (summer time all year round) in terms of giving the Scottish Parliament the capacity to opt out. He's not, it seems, talking about revising the 1884 meridian agreement but offering the Scotland something like the right, which countries such as Saudi Arabia and India currently exercise, to set a time different from its longitudinal arc — here is an attribute of sovereignty indeed. We, too, are time revisionists, believing there are good child-friendly reasons for not putting the clocks back in the autumn. But this needs something more considered than a private member's bill. It's not that anyone need fear Edinburgh time being different: people who live on the borders of American, Australian and other intra-country time zones manage perfectly well (as do the Spanish and Portuguese, the latter living in our time, the former in Continental time). But let's be aware, as Thomas Pynchon puts it in his marvellous novel *Mason & Dixon*, time is destiny and you don't change its hands lightly.

Letters to the Editor

Sex and verbal contortions

THROUGHOUT the McJibell trial, despite the fact that I was the first named defendant and in court the case was known as *McDonald's vs Steel* and another, in most media reports, including the *Guardian*, it became *Morris and Steel*. In a press release issued last week by the McJibell Support Campaign, myself and my co-defendant gave a joint agreed quote. In Eco soundings (September 23) this is attributed solely to my male co-defendant. Are women still second-class citizens or do they not exist at all?
Helen Steel.
London.

TRY your script again, Chris Reason (Letters, September 24) and give Grant a chance at literacy. Last night, in Brookside, middle-class Max expressed astonishment at seeing former bruiser Jimmy Corkhill with a *Guardian* "I didn't realise you took the *Guardian*". "Yes, I took it off the staffroom table," replied Jimmy.
Vel Mainwood.
Colchester.

GOOD to know EastEnders, that gritty, true-to-life everyday story of east London folk, is scripted by a resident of the inner city hell that is Hebban Bridge.
Roz Treadway.
London.

IF David Rose of the London Review of Books (Why search for love amid books in Charing Cross Road, September 24) does not think that a lady asking, via their Personal Column, to meet a "contortionist who plays the trumpet" is not "writing in code", then I suggest that his upbringing has been too sheltered. Perhaps he should read more widely.
Dr Christopher Cheesey.
Exeter.

West End's poor show

IAN McKellen's decision to quit the West End theatre is no surprise (McKellen quits London, September 23). The capital's theatres are sustained by crowd-pulling dramas that pander to an undemanding, polyglot audience.

Seats are filled with tourists who buy tickets to "ashow" as part of their holiday package. They don't mind what they see and are understandably often unresponsive to the subtleties of British culture and language. Many productions take "this into account" and acting is invariably hammed-up or sloppy, and plays anodyne. The removal of subsidies from many small groups and fringe companies under the Tories has stifled experimentation and adventurous work, leaving London's theatre as a musty waxworks which has little relevance to contemporary society. Good luck Leeds!
John Green.
Ceredigion.

IAN McKellen says that Leeds Council has "old socialist principles". Wouldn't it be wonderful if more regional theatres adopted some socialist principles and started to employ "local" actors who make up

some of their "community" audiences. It's about time that regional theatre came out from under the shadow of London's theatres and assumed the proud mantle that is attracting a great actor like McKellen to Leeds.
J Colter.
Manchester.

LIKE Michael Billington, I welcome the launch of a substantial New Audiences programme by the Arts Council and am heartened by the allocation of a further £5 million funds for the next financial year (We need to stop favouring the middle classes, September 23). The arts have a long way to go before they break down the perception that they are run by and for middle-class interests because, sadly, their emphasis on historic art forms has alienated even the middle classes, who no longer enjoy formal culture and have lost respect for the arts system's emphasis on these minority pursuits. Chris Smith deserves credit for being the first Minister to allocate resources for a comprehensive examination of this vital area and the first results in March should provide evidence of the ways in which the public wants its culture delivered in the future.
David Bassett.
Shrewsbury.

THE story of Michael Billington's postman reminds me of one evening as I jumped into a mini-cab in Brighton. I asked the driver what was the fare to the National Theatre; he said £10. A bit surprised, I asked for the fare to the South Bank. He quoted a fiver. I went to O'Connell Brighton.

SORRY to be picky, but your description of Anthony Hopkins learning his craft "in the tiny Phoenix Theatre behind the bus station in Leicester" (The hardest act, September 22) may give rise to a few misconceptions amongst your readers. Two hundred and sixty two seats, 150 separate live performances, 400 film screenings and 60,000 people a year in the audience, we were more than a broom cupboard. And the bus station went years ago. We face the road now.
Richard Haswell.
Director, Phoenix Arts, Leicester.



The selfish geneticist

IT appears that the public understanding of science has been reduced to mere book promotion. Wednesday evening saw Professor Richard Dawkins present the annual science lecture of the Natural History Museum, with the topic: *Does Evolution Evolve?* With such scientific dignitaries as Sir Bob May and Sir David Attenborough joining us in the audience, we were bombarded with stylistic soundbites and soon-to-be-trendy catchphrases. As opposed to a scientific lecture, Dawkins presented a scathing attack on other pop-science authors, particularly the "in-

toxication of Stephen J Gould's rhetoric", assuring the public they had been "seduced by [his] bad poetic science". Almost as a preacher builds his congregation to a frenzy of God-fearing excitement, the audience sought salvation. Thus it came, in the form of Richard's new book, published in October and set to be a bestseller. Surely a man of such scientific clout could offer us a better argument in a scientific discussion than "my book's better than his book"?
Paul Olding.
London.

Warning to Paul Boateng: we know where you live

SO Paul Boateng thinks it is acceptable for adults to inflict pain on children by using physical violence (Minister pledges to spare the rod but draw the line, September 24). I think Paul is behaving very badly. I'll be round, then, later in the week to give him a good slapping.

If it makes things better, I'll call it a "clip round the ear", a "quick smack", or even a "short, sharp, shock" — that has a certain ring. This time I shall use just the palm of my hand (that doesn't hurt much — get someone to give you a winger across the face and you'll see what I mean). But if Paul becomes extremely naughty, I may need to use my fists, a wire coat-hanger, a bamboo cane or a cigarette end, because, of course, we are not talking kind here, merely degree. That should help him respect me and value my views and set him on course for a grown-up life marked by

compassion, understanding and clear-thinking.
Frank Welsh.
Coventry.

AFTER today's Strasbourg court decision that an eight-year-old boy is an infringement of his human rights, Paul Boateng claims that parents must maintain the right to "smack" their children "in a caring and loving way". Violence against children will remain violence, and is the denial of care and love. What will New Labour be advocating next? Humane market forces? Equitable selective education? Philanthropic poverty? John Strange.
Utrecht, Netherlands.

SO "Parents keep right to Smack" (September 24). I should think so too. You can't let kids keep all the interesting drugs to themselves.
Liz Fuller.
London.

We have not abandoned badgers

REVOUR Lawson accuses the Wildlife Trusts of "abandoning badgers to a cruel fate" (Image problem, Society, September 23). His accusation is unfounded and his piece misleading on our position. The Wildlife Trusts are opposed to the so-called "Krebs experiment" which involves culling badgers. We made our views quite clear to the Government some time ago, and we suggested alternative actions for tackling the

badger/TB issue. Unfortunately the Government decided to go ahead with the Krebs experiment anyway. We cannot change the Government's decision but we can, and will, deny access to our nature reserves for the purpose of culling badgers under the experiment. We told the Government many months ago that we would do this and we have confirmed our position since. The Wildlife Trusts will also continue to work alongside organisations such as the National Federation of Badger Groups to ensure the Government remains aware of the strength of feeling on this issue. This is hardly abandoning the badger to a cruel fate.
Simon Lyster.
Director general, The Wildlife Trusts, London.

Please include a full postal address, even on e-mailed letters, and a daytime telephone number. We may edit letters. Please give a reference to the relevant article.

Cash crop

RE your letters on food prices (September 24): last winter we bought main crop potatoes in 25kg bags for £2.50 (approximately 5p per pound). Our local supermarkets were selling similar potatoes at between 22p and 35p per pound. The Saturday *Guardian* has bought exclusive extracts for serialisation over the winter. Here's a little taster for a great washing-up exercise, in 16 easy steps: Roast ox-tongue with mustard and parsley sauce (washes 10).

customer. Of course, supermarkets overcharge, but customers must share the blame. Whilst selecting loose carrots at 19p a pound, I've had customers leaning over me to pick up ready-bagged carrots at 35p a pound. Gone are the days when you could bump into a corner shop owner trundling a trolley full of baked beans to the cash-point because they were cheaper than those he got from his wholesaler.
Peter Bird.
North Creaks, Norfolk.

All washed up

Bel Littlejohn

SORRY guys, but can we drop all mention of Monica and Bill and Kenneth and the rest of them just for one second please? Please? Okay?

your words and your deeds, you've let down not only me but millions of women the world over... Yes, I've wept and I've wept, but let's not get this out of proportion. You've said you're sorry, and that's good enough for me... Hang on in there... Yours ever, Bel" and I'm pleased to say he has followed my advice. So let's change the subject. Okay?

Think food. Think wine. Think fresh ingredients. Think zeitgeist. And what have you got? Yup. The 2nd River Café Cookbook, already riding high in the charts. The River Café will merit at least 15 entries in the index, somewhere between Prescott, The Rt Hon John (four entries), and Rodick, Anita (six). Historic milestones? It was over an endive, chicken elbow and sun-dried tomato salad with polenta bake at Tony in June 1996 that Tony

Blair and Frank Dobson formulated their vision for the future of the NHS. "I know what" said Frank, balancing a baby spider marinated in octopus ink on his upturned fork. "Let's keep it exactly the same — but with slightly longer waiting lists, just to keep the patients all excited!" And with that the two of them took another sip of Boleyn before plunging into their baked shin of squid with a lemongrass soufflé. Incidentally, there is a fascinating footnote to this historic banquet. As you know, Frank is a notoriously messy eater, and in the sheer untrammelled joy of the moment he let a small section of squid tentacle just miss his mouth, falling straight from his fork deep into the hairy undergrowth of his beard. I wouldn't normally mention it — this column is strictly political, never personal — but last Tuesday while glued to my TV watching Questions to

the Secretary of State for Health, I couldn't help notice something murky and tubular falling from Frank's beard on to the Dispatch Box. PRESSING up close to the screen to get a closer view, I realised with a start it was that very same morsel of River Café tentacle that had dropped from his fork 27 months before. It now seems likely that we will ensure New Labour's place in the record-books through an inclusion in the Animal Endurance section of The Guinness Book of Records (Squid In Beard of Cabinet Minister, Longest Duration). Yet another triumph for the River Café and this is where I come in. The success of the first two River Café cookbooks has prompted our publisher to commission a follow-up, more democratic and people-oriented in feel. The River Café Washing-Up Book, by Bel Littlejohn, is to be published in the spring. As the

blurb says, in the modern, democratic spirit of New Labour, The River Café Washing-Up Book is designed to appeal not only to those who aspire to eat at the River Café, but also to those in the lower-paid sections of the community who would be just as happy to wash up there. The Saturday *Guardian* has bought exclusive extracts for serialisation over the winter. Here's a little taster for a great washing-up exercise, in 16 easy steps: Roast ox-tongue with mustard and parsley sauce (washes 10).

- 1) Scrape the main ingredients off all the plates.
- 2) Separate the ox-tongue remains from the rest and scrape into a dog-bowl.
- 3) Roll up your sleeves.
- 4) Run hot water into sink.
- 5) Add Fairy Liquid or similar.
- 6) Apply wire brush to stubborn remains.
- 7) Sigh.
- 8) Feel you've done just about all that you can and that anyway amidst the colourful rustic Italian pattern on the plates no one will notice.
- 9) Drain water from sink.
- 10) Sigh some more.
- 11) Watch impatiently as your partner removes spectacles to inspect the plates.
- 12) Hope he doesn't spot the charred areas of ox-tongue on four of them.
- 13) Ask to know what the hell right he has to criticise your efforts when once again he hasn't bloody lifted a finger to help.
- 14) Tell him if he thinks he can do better he's welcome to try.
- 15) Shimmer.
- 16) The next morning, rehearse the argument, gradually adding slow-cooking argument that you prepared the week before.
- 17) Bring to boil.
- 18) Leave him, love.
- 19) Hope he doesn't spot the weeks to come. Enjoy!

Lonnie 'Ted' Binion

Dicey deals in Vegas

ANYONE who believes that Las Vegas has been cleaned up and turned into a desert Disneyland with dice should consider the life and times of Lonnie "Ted" Binion, whose death at 88 from an overdose of sedatives is under investigation by police — as are other matters, including a horde of buried silver.

The funeral at the Roman Catholic church drew a crowd of 500, including Nevada state politicians, lawyers, gambling high-rollers and gamblers, millionaires, casino owners, and good ol' boys. The eulogy was delivered by a judge who admitted that Binion "had his faults" but led a "full and exciting life," and should never have lost his gaming licence for mixing with mobsters.

The mayor of Las Vegas recalled Binion's keen interest in local politics; only the day before his death he had donated \$10,000 to her campaign for the governorship. He loved animals, and horses. He died in the carriage containing his coffin, topped by his favourite cowboy boots.

Binion arrived in Las Vegas as a boy with his father, Benny, who carried two suitcases containing \$2 million. Benny had left Dallas in a hurry; he was wanted for several crimes, including suspected murders arising from his gambling business. But Vegas was wide open and he

soon established the Horseshoe Club casino, a hard-gaming, downtown joint, where punters with their suitcases of money could walk in and bet, no questions asked. It exists today but for years has been the centre of a bitter family feud between Ted Binion and his older brother Jack, and their two younger sisters.

Benny prospered, buying the family a six-acre ranch with a 4,500-sq-ft house, although he insisted on certain architectural refinements. He permitted no hidden corridors... "ros he was always afraid we kids was gonna get kidnapped," Ted explained. He would also point to a barn where they were instructed to hide "in case we got bombed." Indeed, an old Dallas acquaintance of Benny's, Herb "the Cat" Noble, was caught at Phoenix airport with a map of the Binion ranch and a 1,000lb bomb.

His siblings went to college, but Ted studied gambling. He was adept at 12 and a veteran by 18. He immediately entered the family business and the Horseshoe did well. He bought a 160,000-acre ranch in Montana with a herd of horses, and another in Pah-rump, Nevada, conveniently close to his brother. He started his hobby of collecting silver bars, but sold into his father's other, less advantageous, ways.

In 1986 police arrested him for heroin trafficking, and in



Hands up... Binion prepares to testify about his drug use to the Gaming Control Board in Las Vegas in 1986

1988, just after Benny died, he was fined \$1 million for dubious cash transactions and banished from the casino for mixing with such characters as Herbert "Fat Herb" Blitstein, an associate of Tony "the Ant" Spilotro, the murdered mobster who ruled Las Vegas for the Chicago mafia. Blitstein himself was shot in the head last year.

In 1990 Binion got into trouble again when the FBI charged him and seven others with robbery, kidnapping, and beating "undesirable" patrons of the Horseshoe in a house policy of discouraging "certain individuals" —

many of whom happened to be black. But the authorities misjudged the case and Binion never went to trial. He later failed a drug test and the Nevada Gaming Commission banned him from his own casino. A few months ago there was a shooting at his new home in Las Vegas, and threats against his sister.

After the commission refused his licence appeal in 1997, Binion and his girlfriend, a topless dancer called Sandy "the Irish Venus" Murphy, spent more time at Pah-rump, where Ted decided to store his silver collection, now valued at \$3-\$8 million.

For security, he buried it on the edge of his property near the town's main street — so that anybody digging it up would be spotted.

The theory worked. Only 48 hours after his death, a builder friend and two others were arrested at 3am after hauling a huge mechanical digger to the site and removing what police estimated at \$4 million worth of bars. The builder was charged with grand larceny but released on \$100,000 bail, claiming that his excavations were not larcenous at all, but a well-meaning attempt to fulfil his good friend Ted's last wish — and

return the silver to the Binion Vegas home, Louis Palazzo, the builder's lawyer, declared the arrest "a misunderstanding."

Meanwhile Sandy Murphy has gone missing. Police suspect her of having a romance with the builder and telling him about the silver. But murder is not suspected. "It was suicide or an accident," said a detective.

Christopher Reed

Lonnie Theodore "Ted" Binion, casino owner, born November 28, 1942; died September 17, 1998

Sir Rupert Speir

Money, miners and minicabs

SIR RUPERT SPEIR, the Old Etonian Tory who has died aged 88, attracted approval from the "wrong" sort of MPs when he was in Parliament for Hexham from 1961 to 1986. One of his more right-wing Tory colleagues dismissed him to me as "rich, loyal" and "trad", and a smooth, suave operator. But the Labour MP Norman Pentland, a former Durham miner, said he had "very deep and sincere sympathies with the workers, particularly with the miners in his constituency."

This unexpected tribute came because Speir, appreciating that the mining industry had to overcome its long and bitter history, felt miners were worthy of the higher rewards they were getting. He urged better amenities for mining villages to stop miners from drifting away. In short, this survivor of a difficult era was that rare MP: a genuinely bi-partisan Tory.

He was also able to look at himself objectively. After a French newspaper referred to him as "tall and blond with blue eyes and very modest", he corrected this to "medium height, grey and bald with a long nose" and "not afraid to be called a middle-of-the-road man".

His origins conspired differently. He was born in Edinburgh, the son of a Col. Guy Speir, later chief Conservative agent for Scotland. Rupert grew up mainly on the Duke of Northumberland's Kielder estate, which his father leased. After Eton he attended Pembroke College, Cambridge, where he was chairman of the university Conservative Association, and after graduating, he served as personal secretary to Sir Samuel Hoare, then Secretary of State for India.

Admitted a solicitor in 1936, he was commissioned into the Intelligence Corps at the outbreak of war, and emerged as a lieutenant-colonel at its end. But the war did not shake his loyalties. As a Tory he unsuccessfully fought Liberalism in 1945, and took in 1950. It was only when he was selected for ultrasonic Hexham — occupied by the Speaker, Colonel Clifton-Brown — that he made it

into the Commons. By that time he had also carved out a comfortable niche in the City as a merchant banker.

With the limited rewards available to the incoming Churchill government, Speir's skills were only demanded for posts as a parliamentary private secretary, successively to Allan Noble (Financial Secretary to the Admiralty) and then foreign minister, and Simon Wingfield Digby (Civil Lord of the Admiralty).

Initially he criss-crossed his massive constituency, the largest in England, averaging 18,000 miles a year, costing him \$800 in petrol — at a time when an MP's pay was \$1,000 and there were no mileage allowances. He campaigned for better rural transport and improvements on BR's East Coast Line. Speir's parliamentary monuments came from two private member's bills: his Litter Act (1956) and Noise Abatement Act (1960). The latter almost fell at the last hurdle, until he agreed to



Speir... middle way

allow ice cream vendors to chime between noon and 7pm. He also urged the introduction of minicabs.

Knighted in 1964, he agreed to hand over supersede Hexham to the displaced Geoffrey Ripston and spend more time with City firms. He became chairman of Unigate and of Smith's Potato Crisps. Always a bachelor, he leaves only godchildren.

Andrew Roth

Sir Rupert (Maltese) Speir, Conservative MP, born September 10, 1910; died September 16, 1998

Birthdays

Prof Struther Arnott, principal, St Andrew's University, 64, Norman Ayrton, theatre and opera director, 72, Ronnie Barker, comedian, 62, Jane Bradford, banker, 52, Sir Leon Brittan, QC, EU commissioner for trade, 59, Sir Colin Davis, conductor, 71, Martin Dermott, rugby league player, 31, Michael Douglas, actor, 57, Mike Gibbe, jazz composer, 61, John Hillis, racehorse trainer, 38, Catherine Zeta Jones, actress, 29, Felicity Kendal, actress, 52, Jodie Kidd, supermodel, 20, Prof Sir William Mitchell, physicist, 73, Charles Pons, Labour MP, 48, Christopher Reeve, actor, 48, Tim Severin, explorer and author, 58, Vivien Stern, penal reformer, 37, Commandant Daphne Swallow, former director, WRNS, 68, John Taylor, jazz pianist, composer, 74, Sir John Thomas, Labour MP, 44, Rowena Vining, diplomat, 77, Barbara Walters, television journalist, 67, Nicholas Wood, former president, Royal Pharmaceutical Society, 50.

Fritz Haber

A weight off the pilot's mind

DR FRITZ HABER, the German aeronautical engineer who designed the Junkers "piggyback" aircraft during the second world war, and who worked on the US space programme devising a jet simulation path nicknamed "the vomit comet", has died in Connecticut, aged 86.

Haber joined the Junkers design team in the mid-1930s after gaining his doctorate at Darmstadt Technical University, when the JU-87, later universally known and much hated as the Stuka dive-bomber, had just made its maiden flight. The dive-bomber's technique developed by the company's test pilots at the Stuka, which convinced Hitler of the aircraft's superiority in a military support role, involved a target-focused, near-vertical dive trajectory, which, at its most ac-

curate, simulated a zero-gravity free fall. In this manoeuvre, later adopted in close support bombing by all the Allied air forces, the pilot experienced a period of true weightlessness, which, of course, ends abruptly as the aircraft is pulled out of its dive after releasing its bombs. It was this work which Haber used later to devise the experience of weightlessness for NASA astronauts.

In the late 1930s aircraft designers throughout the world were developing what became known as "piggyback" aircraft. In Britain, for example, there was the Short-Mayo composite aircraft, designed to increase airliner range and passenger-carrying capability and comprising a Mayo four-engine seaplane riding on the back of its much larger parent Short Empire flying boat. It was handed over to Imperial Airways in 1933 but

the war intervened and the composite never entered service. At Junkers, Haber and other designers were working on similar ideas in which a flying weapon could be carried or launched "piggyback" from military aircraft.

That Haber ended up in America rather than the Soviet Union was an outcome of pure chance. Towards the end of the war the Junkers plant at Dessau was overrun by the Russians and many of its engineers and designers were enlisted for the Soviet space programme. At the time Haber happened to be visiting his family in the part of Germany which became the American zone. He was picked up by US military intelligence and added to the large group headed by Werner von Braun.

Haber gained international fame when, as a consultant engineer with NASA, he was

involved in assessing the effects of weightlessness in space. Using his experience at Junkers, he devised the parabolic, zero-gravity, downward-curving flight path used by the NASA training jet to give astronauts repeated tastes of the immediate physical control problems they would encounter in space flight.

HABER'S parabolic flight path is actually the extended initial phase of a controlled burn (an outside loop), the most uncomfortable of aerobically manoeuvres. A single training session for US astronauts, one of which was shown in the film *Apollo-13*, consisted of 30 or more periods of weightlessness, each of which lasted for about 20 seconds. This training, in which the difficulties of such simple exercises as tightening

a nut became clear, was far closer to the realities that would be experienced than routine training under neutral buoyancy in water tanks, or being spun at high-G in NASA's training whirlingigs.

In 1954, although remaining a consultant to both military and civil space programmes, Haber joined the rocket engine manufacturer Avco Lycoming at Stratford, Connecticut. There, with a team consisting largely of German wartime engineers, he helped to develop some of the early American gas turbine engines, including the compact T-58, which powered the Bell Huey helicopter. He became very much a company man, later serving for some years as vice-president of the company's European operations.

Haber is survived by his second wife, Gigi, and by two sons.

Anthony Tucker

Fritz Haber, aerodynamic engineer, born 1912; died August 21, 1998

Anthony Tucker prepared this obituary before his sudden and untimely death last week. His funeral was held yesterday

A Country Diary

GLOUCESTERSHIRE: Here is a natural history conundrum on which I am open to comment or explanation. We have tried, several years running, to stock a small, bush-lined pond with frogspawn in the hope that it would become a regular base for frogs. On several successive spring days I have visited my golfing friend Lew, who has a thriving frog population in his back-garden pond, and returned with jars of frogspawn to be carefully decanted into our pond.

The summer months have seen the spawn develop into active tadpoles but none have matured and we have had to conclude that the conditions we provide are not acceptable. Lew's pond faces south-east, it warms up early and water temperature must be raised early in the year. Our pond gets spring sunshine but

is soon shadowed by the canopy of a large lime tree. The drip off times is clearly acid — it eats through the paint of the five-barred gate which stands beneath it, and one may deduce that it is also providing an acid drip into the pond, albeit diluted by the mass of pond water and the cleansing effect of rain. But, would you believe, on Sunday, on a dry, sun-exposed bank, which is topped by a pond, we found a frog — at least 70 yards from the pond. He was clearly *rana temporaria*, the common frog. Where had he come from? A dry and sunny bank was not a natural location for a creature liking a damp habitat. And I have no reason to think that he was a success from our pond after all.

COLIN LUCKHURST

CORRECTIONS AND CLARIFICATIONS

IN THE SPORT in brief column, page 31, yesterday, we said the World Squash Championships, starting in November, had been switched from India to Qatar in the United Arab Emirates. Although it is an emirate, Qatar is a separate country and not part of the UAE. The seven emirates which make up the UAE are: Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm Al-Qaiwain.

ON PAGE 4, 29 September 22, in an article headed, "The next chapter, we said Macmillan published Barbara Pym's *Quartet*... In fact, the title of the book is not *Quartet* but *Quartet in Autumn*."

A LETTER on the Obituaries page, Page 23, September 23, commenting on the death of W B Gallie, appeared as

though written by Gallie himself. It was written by Raymond Stephens. Apologies.

THE AMERICANISM "shoo-in", Corrections, Page 22, yesterday, after an incorrect spelling in a report from the Lib-Dem conference, also appeared on page 11, yesterday, in a report from the SNP conference, where it was spelt correctly, as here — but not in the early editions.

It is the policy of the Guardian to correct errors as soon as possible. Please quote date and page number. Readers may contact the office of the Readers' Editor by telephoning 0171 239 5859 between 11am and 5pm, Monday to Friday. Surface mail to Readers' Editor, The Guardian, 119, Farringdon Road, London EC1R 3ER. Fax: 0171 239 5807. E-mail: reader@guardian.co.uk

Jim Moffat

Birds and business

JIM MOFFAT, who has died aged 80, built up from scratch Britain's highest independent travel agency, A T Mays, a multi-million pound empire run from a small Ayrshire town. Then, after retiring, he discovered football and provided the financial injection which made Kilmarnock a power again in the Scottish game.

Moffat grew up in Salcoats, where his parents ran a café. After war service in the RAF he returned to work in the bank he hated, and after his wife gave him an ultimatum — give up the bank or give up me — he resigned. In 1953 a couple pitched their savings into two tiny businesses. Jim was a devoted budgerigar fancier and so a pet shop, called All Pets, seemed like a

reasonable first bet, while a wooden hut, previously used by an undertaker, became All Travel.

All Travel's first acquisition was Mays Shipping and Travel in Kilmarnock and the two companies merged into A T Mays. It was a period when many long-established travel businesses were ready to call it a day rather than adapt to changing patterns in leisure, and Moffat became known as a straight dealer who was interested in acquiring them.

Over the next 30 years he ran a brilliant operation based on both business travel and package tours. By the late 1980s A T Mays had mainly through acquisitions, expanded to almost 300 branches throughout the UK. In scale and market share it

lagged behind only Lunn Poly, Pickfords and Thomas Cook. Yet the company continued to be privately owned and run from headquarters in Salcoats. Moffat could see no argument for moving to a city where property would be more expensive and good staff harder to come by.

Under pressure to go public, he decided instead to sell to a "friendly" buyer. Either way, he was going to become immensely wealthy. His main reason for adopting the latter approach was that he thought if the identity of the company would live on, and that the culture of the Salcoats headquarters, employing several hundred workers in an area of high unemployment, could be secured. He sold on these

terms to the Royal Bank of Scotland, although they were not the highest bidders. Disappointingly for him, within a year he had sold the business on to the American company Carlson, which has since dropped the A T Mays name altogether.

One of the few benefits of the Royal Bank relationship, as far as Moffat was concerned, was that it drew him into football — in which he had no previous interest. The bank thought that sponsorship of Kilmarnock would help raise the travel firm's profile and asked him to represent them on the board.

BUT long after the relationship with the bank ended, Moffat's boyish enthusiasm continued. As vice-chairman and then chairman, he was a generous and undemanding financial patron, helping the club to win the Scottish Cup last season and regain a regular slot in European competitions for the first time in 30 years.

He did an immense amount of good with his money — always in the same unassuming way. He was committed to the economy of Ayrshire and was one of those who was persuaded to invest in the buy-out and revitalisation of Prestwick Airport — now a considerable success story.

Jim Moffat continued to take enormous pleasure from the interest in cage birds which had first drawn him into business. He was a most extraordinary figure to have entered the lists of Britain's richest men, by way of the normally cut-throat travel industry. He died of a heart attack while on a cruise with his wife and shared business partner of over 50 years.

Brian Wilson

Jim Moffat, travel operator and football chairman, born August 24, 1918; died September 15, 1998



Feathered friends... Jim Moffat with the budgerigars that helped to launch his career

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Unions and CBI oppose 'terrible twins'

Mark Atkinson
and Larry Elliott

TRADE unions and business leaders joined forces last night to demand an immediate cut in interest rates after the latest snapshot of industry showed output falling and order books drying up.

The Confederation of British Industry said export orders had slumped to the lowest level since the early 1980s recession. Because of the strong pound and the global financial crisis, only one in five firms expects to increase production in the next four months.

The CBI said that manufacturing was amassing stockpiles of unsold goods and firms were being forced to cut prices to attract business.

Sudhir Junankar, CBI associate director of economic analysis, said: "Manufacturers are still battling to keep their heads above water at current exchange rates."

"An interest rate cut, giving manufacturers a much-needed breathing space, should not be delayed, as the downward risks on economic growth outweigh the upward risks of higher inflation."

The CBI's call for lower interest rates was backed by Ken Jackson, general secretary of the AEUO engineering union, who said: "The terrible twins of high interest rates and the strong pound have put manufacturing on the verge of a slump."

Roger Lyons, general secretary of the Manufacturing, Science and Finance union, said: "The time for talk and platitudes from the Bank of England is over. Action is needed now. Cut interest rates, reduce the over-valued pound and save manufacturing jobs."

However, the case for lower interest rates was undermined by the latest official estimates of the economy's performance which showed that the strong pound did not prevent the UK from recording a record balance of payments surplus of more than £2 billion last year.

Exports from Britain's service sector, coupled with the proceeds from the savings investment, more than outweighed the growing deficit in manufactured goods, the ONS said.

It added that factory output in the year to June — previously estimated at a 0.3 per cent fall — had risen by 0.7 per cent.

Pit rescue may be too late



A miner leaves Annesley-Bentnck colliery where redundancy notices have been issued to 99 men

PHOTOGRAPH: PAGE ONE

1,500 coal jobs at risk

David Gow
Industrial Editor

THREE coal mines are threatened with closure as ministers put the final touches to the plan designed to guarantee the coal industry's future. More than 1,500 jobs are threatened in an industry which has been seriously damaged over the last decade.

Union leaders yesterday voiced fears that Midlands Mining, a small private coal producer, would be forced to close its last remaining pit, Annesley-Bentnck, near Mansfield, and cease trading after it issued redundancy notices to up to 99 men, and admitted to production problems.

The loss-making pit employs just under 500 people, including management staff and miners taken on from the Midlands' only other mine, Silverdale, near Newcastle-under-Lyme, which is closing in December with the loss of 300 jobs. Midlands employed 1,000 staff when it took over the two pits from bankrupt coal investments in 1996.

There are also fears over the future of two pits owned by RJB Mining, which bought the bulk of the coal industry when it was privatised four years ago. Development work has halted at Prince of Wales, near Pontefract, and Kelverton, Nottinghamshire, which together employ nearly 800 miners and produce two million tonnes of coal a year.

This latest threat emerged as ministers prepared to announce the findings of the energy review. These are likely to include measures to encourage electricity generators to burn more British coal and to retain the moratorium on new gas-fired power stations in all but name. These are expected to be announced next week.

The coal industry employed 180,000 miners at 170 pits on the eve of the 1984/85 strike and was reduced to 30 collieries employing 7,000 on privatisation. RJB paid £815 million for 17 pits and has since closed two. Richard Budge, its chief executive, says a further eight will go unless the Government guarantees coal a 30 per cent share of the generating market.

Neil Greatrex, president of the Union of Democratic Mineworkers, said he feared Annesley, Britain's oldest pit, could have closed in May when work on an established

and a new face ran out and bankers forced the company to cease trading.

Mr Greatrex believes Midlands is in severe financial difficulties. Andrew Purcell, the company's technical director, admitted yesterday that Annesley, which supplies coal to generator PowerGen, was losing money. Output is half its normal level.

Mr Purcell feared the energy review would be of little help to the smaller coal companies unless it gave direct subsidies.

John Battle, energy minister and architect of the energy review, confirmed that companies using renewable sources such as landfill gas, waste and wind would receive £1 billion over the next five years to produce enough electricity to power 1.4 million UK homes.

Renewable energy now provides around 2 per cent of Britain's power. The Government hopes to raise this to 10 per cent by 2010 to meet its target cut in greenhouse gas emissions. Mr Battle said the latest batch of 261 approved projects would boost this to 5 per cent, but new sources such as biomass and offshore wind would be needed to achieve the 2010 target.

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Mandelson tells PowerGen to dispose of two of its stations

David Gow

POWERGEN was yesterday ordered by the Government to put two of its five coal-fired power stations up for sale to win permission for its £1.9 billion takeover of East Midlands Electricity.

The decision by Peter Mandelson, trade and industry secretary, could prompt a bidding war among electricity generators for coal-fired power stations. PowerGen, the third-largest generator, is expected to put "for sale" two stations in the north-east, near Ferrybridge, South Yorkshire, and Fiddler's Ferry, near Widnes.

By asking PowerGen to dispose of 4,000MW of capacity, against the 6,000MW demanded by regulators, Mr Mandelson put pressure on National Power, the second-largest generator, to dispose of up

to three of its seven coal-fired stations. It has 11,500MW of coal-fired capacity compared with PowerGen's 10,000MW.

Firms such as nuclear generator British Energy, Scottish Hydro and gas and electricity supplier Centrica are expected to bid for the PowerGen stations in competition with US utilities like Edison and Mission Energy in a move seen as benefiting consumers — and the coal industry.

Mr Mandelson, observers said, has encouraged the emergence of half a dozen operators in the energy generation and supply markets, although he said yesterday that PowerGen's acquisition of East Midlands raised significant competition issues which meant it could not simply be waved through.

Mr Mandelson also confirmed Callum McCarthy, former senior civil servant and banker, is to be the first energy regulator, replacing Clare Spottiswoode at Ofgas on November 1 and Prof Stephen Littlechild at Ofwat on January 1, at a salary of £150,000 a year for five years. Their combined pay was £223,000 a year.

European set Christmas sale deadline

Janine Gibson
Media Correspondent

THE Barclay brothers yesterday told staff at the European newspaper that if they cannot agree the sale of the paper within 90 days, it will close before the end of the year.

The announcement came as one set of talks to sell the title stalled yet again. However, Press Holdings, the brothers' media group, confirmed that it was still in talks with more than one potential buyer of the loss-making paper.

Most recently, the owners and its editor-in-chief, Andrew Neil, were understood to be negotiating with Practical Publishing. Those talks were expected to conclude this week, but the publishing company is believed to have pulled out.

However, a deal brokered by financial services agency Bloomberg Business News is understood to be back under discussion at Mr Neil's behest. Bloomberg's partners, one of at least two groups now negotiating for the title, are said to favour a vastly reduced operation.

The European's 110 staff were given 90 days' notice "in the hope of minimising redundancies". Around 45 of the staff also work on another

Press Holdings title, Sunday Business, and will move there on the same terms.

The others will either be found jobs within the group, or will get contractual notice and redundancy payments, whether or not the Barclays agree a sale. They will keep their pay-off whether or not they are kept on by a new owner.

A senior insider explained: "The announcement was made to staff to end the uncertainty by giving everyone the same picture. Management were saying 'enough is enough'."

In a statement yesterday, the Barclays reiterated their continuing investment across their other titles, the Scotsman, and Scotland on Sunday. They also hinted that without the financial drain of the European, they would look at further acquisitions.

Yesterday's announcement comes after two months of uncertainty for staff while Mr Neil tried to save the paper from closure. His plan, to turn it into an A3 glossy similar to Time or the Economist, was considered to be too expensive by the group's chief executive, Bert Hardy.

The brothers are known to have been extremely reluctant to close the paper. By setting a deadline of 90 days on a possible deal, they hope to force talks to a conclusion.

ONDigital near to soccer deal

Janine Gibson

DIGITAL terrestrial television operator ONDigital is understood to be close to a £20 million agreement with BSkyB over Premier League football rights.

Under the agreement, ONDigital would share digital broadcast rights to Premier League matches for two years with BSkyB, the cable company's pay-per-view movie service, Front Row.

SDN, which is owned by United News & Media, Welsh broadcaster S4C and cable company NTL, also plans to carry a simulcast of Channel 5, S4C and possibly a Sky Sports channel.

ONDigital hopes to add to its sports offering with a version of Eurosport and the Manchester United channel, MUTV. It is also negotiating with the Turner Broadcasting Systems-owned Cartoon Network.

BSkyB and ONDigital have already agreed carriage terms for Sky One and two of Sky's movie channels, Moviemax and Premier.

An ONDigital spokesman refused to comment on the broadcaster's plans or any deals signed yesterday.

World Bank lending shoots up to \$28bn

Mark Atkinson
Economics Correspondent

WORLD Bank lending to the developing countries rose to a record high last year as it sought to combat the impact of Asia's financial and economic crisis on the poor.

With tens of millions threatened with being dragged back into poverty, the bank pledged to lend \$28.5 billion (£17 billion) in the year to July 1998 compared to \$19.17 billion in 1997. The 1998 total was the largest in the bank's 54-year history.

Most of the new money — some \$16 billion, including a \$5 billion loan to Korea — was earmarked for East Asia to help the crisis-torn countries rebuild their shattered financial systems and fight poverty at the sharp end.

"In human terms the cost has been brutal, with possibly as many as 20 million people falling into poverty in 1998 in Indonesia and Thailand alone," said senior World Bank adviser Tim Cullen, representing the bank's annual report in London. Poverty is

defined as living on less than a dollar a day.

The World Bank said the increase in new loan commitments also reflected an improved focus on schools, hospitals, birth control, water and sanitation in the developing world in general — now accounting for 30 per cent of total lending — and the relatively upbeat economic outlook in Africa.

Sub-Saharan Africa has experienced three successive years of economic growth, with 21 countries' economies expanding by 5 per cent or more in 1997.

The World Bank said the combination of increased political openness and economic progress had "created greater opportunities for development in the region".

Lending commitments to Africa increased by almost two thirds to \$5,533 million. With private capital flows from rich countries to developing countries drying up in the wake of the Asian financial crisis, the World Bank's role in fighting the spread of poverty has been reinforced at a time when it is being questioned by politicians.

On Monday, the Prime Minister set a 12-month deadline for fundamental reform of the World Bank and its sister organisation, the International Monetary Fund.

The question of reforming the two Bretton Woods institutions is expected to dominate the forthcoming annual meetings of the two organisations in Washington.

Mr Cullen said the World Bank was open to ideas about reform, but added that it had already embarked on a programme of renewal which had enhanced its ability to fight poverty.

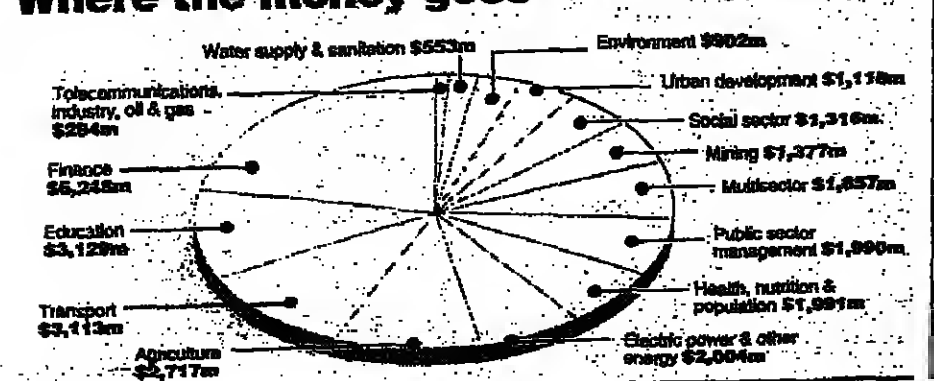
Changes included basing more country directors in the field and the introduction of a range of "new products" including two new types of flexible lending instruments.

The bank was now able to lend up to \$5 million to support small pilot projects without board approval. These could receive extra cash if they proved successful.

Mr Cullen said internal reforms, begun four years ago after the G7 summit in Halifax, Nova Scotia, had reaped dividends in the form of fewer "problem projects".

Where the money goes

World Bank loan pledges, \$ million, 1998



News in brief

US firm organises Filofax takeover bid

FILOFAX, the personal organiser company much loved by 1980s yuppies, yesterday became the target of a hostile takeover bid by US rival Day Runner. The California firm is offering \$47.5 million, putting the 200p a share offer 60p ahead of Filofax's closing price on Wednesday.

Day Runner last year sold six million organisers and 20 million refills. It recorded profits of \$9.5 million on sales of \$100 million. Earlier this year Filofax directors announced that the company had plunged \$882,000 into the red after losing \$7 million on a failed expansion into greetings cards. The company advised shareholders to take no action. — *Julia Finch*

RAC sale hits merger problem

A MONOPOLIES inquiry could put at risk cheques for \$35,000 due to be sent to 12,000 full members of the Royal Automobile Club. Trade Secretary Peter Mandelson ordered the inquiry into the £450 million sale of the RAC's breakdown business to the American firm Centant. The US group owns the Green Flag breakdown service and combines that business with the RAC would give it 41 per cent of the market. The AA has 48 per cent.

Industry sources said that if the MMC blocked the deal, Centant might choose to sell off Green Flag rather than abort the RAC deal. The RAC said that members were unlikely to receive their windfalls until the new year. — *Julia Finch*

Diageo pledges to battle back

DIAGEO, the Guinness and Burger King company, is spending a record £1.7 billion in marketing and advertising this year to boost sales in the face of a sharp downturn in Asia, Latin America and Russia. The company said yesterday that it was determined to maintain its high profile even though consumers in its key markets were not drinking as much.

Pre-tax profits for the year to June fell by 4 per cent to £1.65 billion. A sharp fall in demand, particularly in Korea and Thailand, saw operating profits in the region plunge from £195 million to £119 million. The company also saw a softening in demand in its core US food company, Pillsbury, and chairman Tony Greener warned that its operating profits would fall in the first half. Shares lost 21p to 477p. — *Tom McChie*

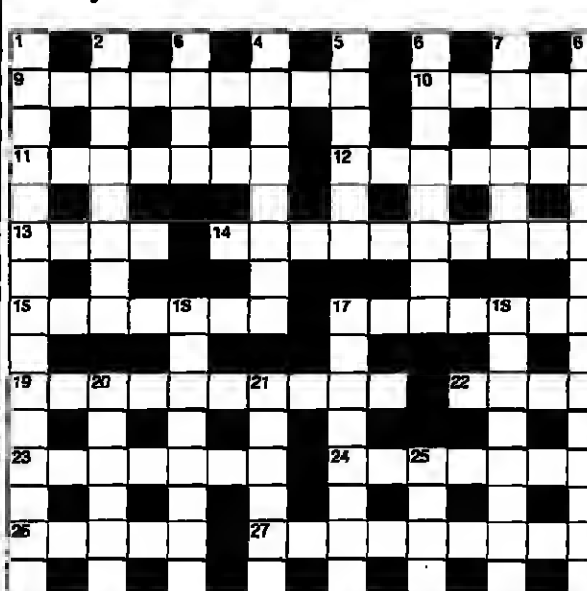
MacKenzie talks down offer

THE consortium led by former Sun editor Kelvin MacKenzie which is bidding for the national commercial speech station, Talk Radio, is believed to have lowered its original offer of £25 million because of poor market conditions. Yesterday the consortium, which includes media group MVI and Rupert Murdoch's News Corp, was holding talks with CLT-UD, the Luxembourg media group which is selling its majority stake in the station.

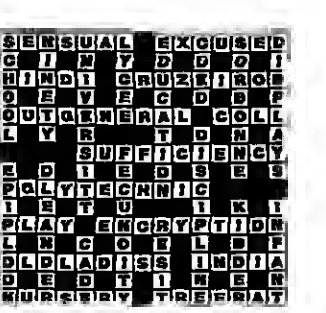
A proposed management buy-out — led by Talk Radio managing director Paul Robinson and programme director John Simons — is still on the table. It is backed by United News and Media and the Guardian Media Group. — *Janine Gibson*

Guardian Crossword No 21,389

Set by Rover



- Across**
- Where Ernie sang about Nashville? (6)
 - Look after each half! It could be easy (5)
 - Serious audience sent away (7)
 - Lanes marked out by liners (7)
 - Comet once liked (4)
 - Perfume latent in pagan fir (10)
 - Mournful revision of eg 'Cello' (7)
 - By which duplicitous mariners find their way? (7)
 - Shortage in p-panel's teaching-aid (10)
 - Blue stuff in bismuth solution (4)
 - One who is sour about society? (7)
- Down**
- One who picks up litter from the field (6-5)
 - Introduction to transport (8)
 - Dried up river in Worcester, say (4)
 - Secret of plant osier, etc (8)
 - Salt spring, perhaps (8)
 - Produce blend in cocoas (8)
 - Are the locks here covered by it? (8)
 - Where I goes, putting up flags at Waterloo? (8-7)
 - Old-fashioned desk-top equipment (8)
 - They are used to tote (8)



CROSSWORD SOLUTION 21,388

- 18** I'm travelling still (6)
20 It is provided by Gates for computer users (6)
21 Busy tenant (6)
25 Handle hot at the back (4)

Solution tomorrow

22 Stuck? Then call our solutions line on 0800 335 235. Calls cost 50p per minute at all times. Service supplied by ATIS.



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FinanceGuardian

Barclays joins £2bn market rescue

2 Long-Term Capital Management

Bailed out How international bankers paid to stop calamity devastating the financial world

FINANCIAL regulators clinched an unprecedented \$3.5 billion (£2 billion) deal with investment bankers yesterday in a last-ditch attempt to prevent systemic calamity sweeping the world's financial markets. Barclays Bank was part of the high-level consortium of international banks which bailed out one of the US's largest and most powerful hedge funds, which was on the brink of collapse.

The bankers injected the new money into the fund because failure of the US-based Long-Term Capital Management fund, with positions of

more than \$100 billion, would have sent shock waves big enough to cause seizure of the international market place and drive financial institutions into bankruptcy.

The root of the problems faced by LTCM stemmed from the vast sums of money it had borrowed to take bets on the world's financial markets, which were thrust into turmoil when the Russian government devalued the ruble and defaulted on its domestic debt. LTCM had borrowed as much as 30 times its capital base.

Barclays stumped up \$250 million to buy a stake in the fund, and has offered an-

other \$50 million, to avert LTCM's failure. The move immediately invited controversy about its exposure to such a potentially risky client.

The Financial Services Authority, the City's top watchdog, said it was not concerned about Barclays' position. "We have no difficulties with Barclays on any of this," said Howard Davies, FSA chairman.

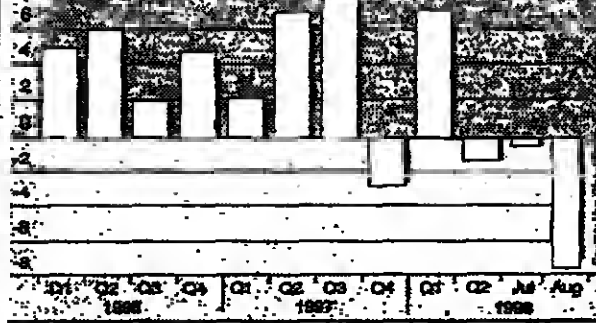
The FSA had been warned by the US regulators late on Tuesday about Barclays' involvement, and also about the potential scale of LTCM's positions on the City's major derivatives exchange, Liffe.

LTCM, which has a small offshoot in London, posed unprecedented problems for regulators because an institution had never collapsed with such a complex web of financial instruments on its balance sheet.

Michael Foot, head of financial institutions at the FSA, admitted he feared that the failure of LTCM would have led to a liquidity crunch in the financial markets, with draconian lending conditions

Riding the high roller-coaster

Hedge funds performance, % change in value of index of funds



which would lead to higher "margin" requirements.

"This is not a small fund... we've never had failure of a firm with huge off-balance sheet exposure," he said.

However, the rescue package still raised fears on the financial markets. "This has changed the whole face of credit for the banking system for ever," one broker said.

The international rescue operation was "facilitated" by the Federal Reserve Bank of

New York through a series of grueling meetings with 17 major investment banks over an intense 48-hour period. The agreement was reached after the close of the New York markets on Wednesday in time to prevent the hedge fund missing any of the "margin" calls it was due to make to investment banks and exchanges around the world.

In London yesterday the FSA immediately started telephoning more than 55 UK-reg-

istered financial firms to attempt to gauge the risk they faced from LTCM and other hedge funds.

While Barclays was the only British bank involved in the rescue package, the regulators believe other financial firms would have some exposure to LTCM because it was such a major in the international markets.

Regulators in other parts of the world, including France, Switzerland and Singapore, were also thought to be involved because of the international exposure of LTCM.

The major banks in the consortium are Goldman Sachs, Merrill Lynch, Morgan Stanley Dean Witter, Travelers Group and UBS, all of which have set up an "oversight" committee to work alongside LTCM's existing management team led by John Meriwether, one of Wall Street's best-known financiers.

Barclays was involved in the consortium because its investment banking arm, Barclays Capital, lent money to LTCM through "collateral financing".

Notebook

Banks still fall for illusion of the fast buck



Alex Brummer

There have been so many seemingly decisive events since the present turmoil in financial markets manifested itself in Thailand some 16 months ago that it seems pointless to claim any as a turning point.

They have run the gamut of problems from South Korea's large-scale recourse to the International Monetary Fund, to the collapse of Yamaichi in Japan, and the folding of the domestic bond market in Russia, which has left much of the Western banking system licking wounds. The common factor in all these events is that none has posed systemic risk to the Western financial system.

The difficulties of Long-Term Capital Management change all that. Its problems strike at the heart of the Western financial system, to the extent that the ultimate authority, the Federal Reserve Board, felt it necessary to become directly involved by organising a \$4 billion (£2.4 billion) lifeline.

While having the power and authority of the Federal Reserve on the case is clearly a good thing, the necessity of its presence on the scene is a source of concern. If one hedge fund, operating some of the most sophisticated models ever devised, can be in such difficulties, what about the others? If the positions in the market are as large as the \$80 billion-100 billion figures being discussed, none of those involved can be confident of recovering their exposure.

In some respects this is like Barings, except on a hugely larger canvas. The gamble at Long-Term Capital was in its use of leverage — borrowed funds — to deliver gains. When the credit markets went haywire, the grand names of the commercial/investment banking system felt obligated put a safety net under the company which helped them make easy money in better times.

It is not difficult to see why Long-Term Capital Management has such a following. The team at the top was made up of world-class stars: the top honcho is John Meriwether, late of Salomon, and renowned for his brilliant reading of US bond markets. Others on the team include a former vice-chairman of the Federal Reserve, John Mollins (now useful, a connection that is now proving), as well as Myron Scholes, the Stanford Nobel prize-winning scholar on those mathematical models of the derivative market arithmetic is based.

If ever there was a combination of trading skills, risk assessment expertise and clever strategies it should have been this, but, as some football teams have found in

recent times, having all the right names on the team sheet doesn't necessarily make for a goal-scoring franchise.

Indeed, the firm appears to have had the magic touch, turning in gains of 42.8 per cent in 1995, 40.8 per cent in 1996 and 17.6 per cent in 1997 for its high-rolling investors and backers. Investing with or lending money to the Long-Term Capital team, under Mr Meriwether's guidance, looked like an easy way to even greater riches.

That was until Russia, when the fund went into reverse, announcing to its investors that their equity was down 62 per cent for the year.

Like most easy rides to big profits, in which the investors do not really understand how the returns are being made, this vehicle had deep flaws — similar in some respects to those discovered by Names at Lloyd's of London and the equity owners at Barings earlier in the year.

For a long time now, followers of the international banking sector have been seeking to second-guess where the next big crisis will come. The risk assessment models, which the banks have sought to persuade the regulators and as rigorous as the official Bank for International Settlements models, have been seen as a guarantee that the disasters of previous decades, from Latin American lending to real estate, would not recur.

BUT they have. Earlier this week Nomura in the US took a bath in the securitisation of real estate loans; almost every bank with derivative and swap exposures was tempted into the swamp of the Russian bond market. Now we find that many of the world's largest banks found a quick route to increasing their lending, making equity gains and trading profits through the hedge funds — many of which came unstuck in Russia. George Soros himself has acknowledged dropping \$2 billion in Moscow.

Of all the banks with potential exposure in the Long-Term Capital affair, the first to acknowledge serious damage yesterday was UBS, built from the old Union Bank of Switzerland and SBC-Warburg. It announced a terrible third quarter, in which the hedge fund problem together with emerging markets caused it to increase provisions by \$717 million.

In all, the Long-Term Capital loss being made of both its equity shareholding and a series of complex transactions.

Barclays, having already come a serious cropper in Russia, has now placed an estimated \$250 million into the rescue — as part of the rescue — although its direct exposure is not thought to be serious. Nevertheless, Barclays Capital is starting to look accident-prone.

The bottom line is that banks never learn. During each economic cycle claims are made that they have learned from the past and that risk assessment is now much better, if not foolproof. But, when highly incentivised executives and traders see a way of making a quick buck, all the models and caution go out of the window.

Bets run to billions in the really big casino

What hedge funds are A way for the extremely rich to take risks on becoming even richer

FORGET Las Vegas, Atlantic City or Monte Carlo. Welcome to the really big casino — the world of hedge funds, where the bets run to multi-billion dollar proportions and even real banks can go bust.

But what is a hedge fund? Misleadingly named, for a start, in financial markets a hedge is traditionally a means of insuring against risk, literally hedging your bet. But hedge funds have stood that concept on its head. They are, in the jargon, funds through which high-net-worth individuals (and institutions) seek high investment returns. In other words, a device through which the world's really rich try to get even richer by placing very big bets on risky investments.

And how rich is rich? People who think \$250,000 is loose change. Do not confuse this with backing outsiders in a horse race. Splash out the cash on a runner in the 3.15 at Doncaster and, while the odds may change, the size of the bet will not affect the outcome of the race. The horse does not know it has to run faster because a couple of high rollers have put a lot of money on it.



Kipper Williams

In financial markets, the size of the stakes can affect the outcome of the "race". Suppose hedge funds put on a huge bet that a currency will fall in value. They do so by selling that currency. The manner varies — short selling (selling currency you do not actually have), borrowing and then selling the currency, or buying futures contracts. But the principle is the same: the strategy is based on the target currency falling.

If enough people sell enough of the currency under attack — if sellers start to outnumber buyers — then the currency does fall, making the bet self-fulfilling. The funds have plenty of firepower, too. According to one estimate there are some 3,500 hedge funds with \$300 billion under management. Mobilising that kind of money generates its own momentum, as other, less risk-orientated investors, come in on the hedge funds' tail.

The funds have had some spectacular successes — perhaps their most coted scalp being sterling. Quantum Fund, from the George Soros stable, made \$1 billion from the speculative attack which blew the pound out of the exchange rate mechanism in 1992. It sold pounds in the expectation that the international value of sterling would fall. When the UK authorities, after apportioning billions of pounds of taxpayers' money, finally conceded, sterling plunged and the speculators bought back pounds at a vastly reduced rate.

The funds did not do too badly out of the Asian crisis, either. But now some are in trouble. A number have run up huge losses in Russia. August was the cruellest month for funds to date, according to US estimates. This month is set to be worse.

Mark Miller



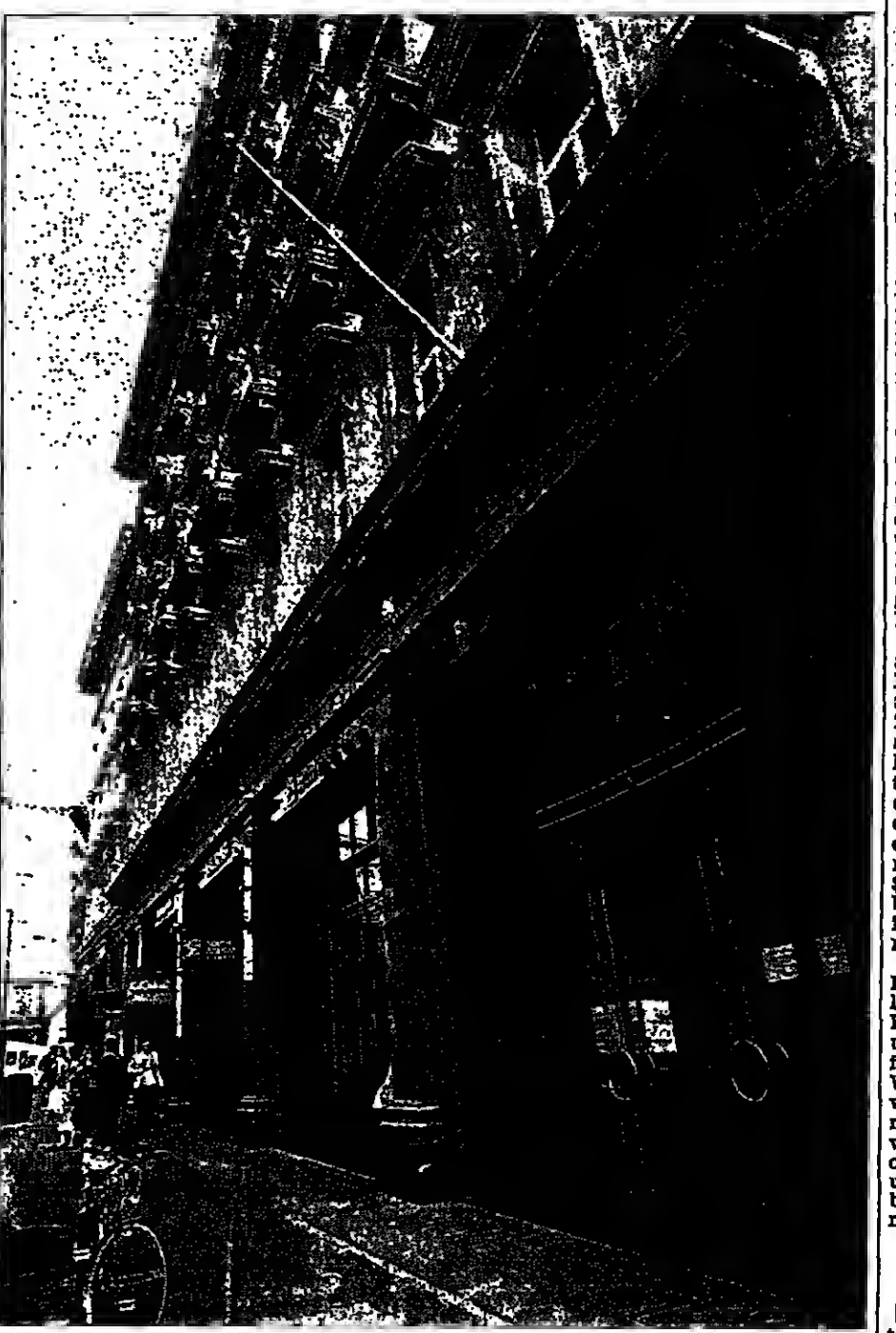
Cadillac that came a cropper

A rare photograph of John Meriwether (above), the office of his Long-Term Capital Management Fund in Conduit Street in London's West End (right), and the two Nobel economics laureates on his team: Myron Scholes (below), on whose mathematics much of derivatives trading is based, and Robert Merton (bottom right).

MAIN PHOTOGRAPH: DAVID MANSSELL



Myron Scholes



Robert Merton

Domino that had to stay upright Master of the derivatives universe

Why it matters A collapse with the market mood so fragile would have been devastating for the financial system

EARLIER this week Michael Foot, top banking regulator at the Financial Services Authority, got a telephone call. It was the US Federal Reserve with a nightmare message.

US hedge fund Long-Term Capital Management was in trouble. The Fed, and beyond the US central bank the world financial system, was staring at a crisis in the face — of a kind which neither the Fed nor other global regulators had any experience.

The Fed said it was putting together a rescue package involving 17 of the fund's creditors, including Britain's Barclays — hence the call.

But why should such an august institution as the Fed decide to take the lead in mounting a rescue operation for a hedge fund?

There are two parts to the answer: size and timing. Take the first. LTCM was a big operator. Before the crisis it had assets of \$4 billion — but by using sophisticated financial

contracts could multiply the value of its bets many times.

Then there is the timing. The mood in the financial markets is fragile, to say the least. Allowing a big hedge fund to fail would send shock waves through the system.

Like all financial institutions, LTCM has a complex series of contracts with other market players, some of which would have deals linked with each other. Untangling the spider's web of contracts in a hurry would have been an horrendous task.

Secondly, if LTCM had been allowed to fail, banks which had lent it money might be forced to call in loans from elsewhere, reducing market liquidity — the free flow of

buy or sell orders on which markets thrive.

Finally, if the markets knew that LTCM's positions had to be unwound fast they would push down the value of such assets. Other institutions with similar holdings would face "margin calls" and have to put up more cash to cover possible additional losses stemming from the market fall. They would have to sell the assets or others to raise cash, adding to a downward price spiral.

For the regulators the fear was that allowing LTCM to collapse could trigger other failures. If one domino were to fall, no one could predict how many would follow.

Mark Miller

How he fell High-rolling investors fled to conservative bonds as series of currency crises began to bite around the world

THE turmoil at Long-Term Capital Management marks the biggest humiliation for John Meriwether since his resignation from Salomon Brothers in August 1991, because of a treasury bond-rigging scandal that almost closed the Wall Street firm.

After his forced exit from Salomon, Mr Meriwether reached a settlement with the Securities and Exchange Commission and went into business for himself. With

his reputation, Mr Meriwether had little trouble in attracting top talent for his new venture.

"It was the Cadillac of hedge funds," said one investor. "It was very speculative but low-risk."

Mr Meriwether's team boasted two Nobel prize winners in economics, Robert Merton and Myron Scholes, as well as David Mollins, former vice-chairman of the Federal Reserve Board.

As the company brought substantial returns to investors, the fund returned 42.8 per cent, after fees, in 1995 and 40.8 per cent in 1996 before slipping to 17.1 per cent in 1997.

But Long-Term Capital's sophisticated trading strategies, based on complex mathematical formulas calculated with the help of computers, came a cropper this summer. In August, Mr

Meriwether told investors that the fund had lost more than 44 per cent of its equity capital.

"Losses of this magnitude are a shock to us as they are surely to you," he said in a letter to investors.

Long-Term Capital specialises in bond arbitrage — placing complex bets on spreads between interest rates on bonds.

Mark Tran

TOURIST RATES — BANK SELLS

Australia 2.70	Germany 2.70	Malaysia 0.97	Singapore 2.85
Austria 19.27	Greece 4.71	Mexico 0.51	South Africa 9.37
Belgium 55.59	Hong Kong 12.62	Netherlands 3.02	Spain 232.50
Canada 2.46	India 71.55	Norway 3.34	Sweden 11.32
Cyprus 0.92	Ireland 1.04	Portugal 278.24	Switzerland 2.28
Denmark 10.46	Israel 6.48	Saudi Arabia 0.12	Turkey 447.44
Finland 8.40	Italy 2.72	USA 1.64	USA 1.64
France 8.20			

Supplied by Reuters (excluding rupee, dollar and yen)